



2016 Annual Report

ABN 42 119 343 734

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Securities of Peel Mining Limited are listed on
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Chairman's report

Dear Fellow Shareholders

In the past 12 months Peel Mining Limited has continued to enjoy success at its projects near Cobar in New South Wales. The Company now has the largest land holding in this proven mineral district and has continued to make new high grade discoveries within a 50km radius of its flagship Mallee Bull copper project, about 100km south of Cobar.

Recent drilling at Mallee Bull has discovered a new high-grade copper-rich lens about 300 metres north of the main ore body, enhancing the similarities between Mallee Bull and the rich CSA copper mine at Cobar. Mallee Bull is a joint venture between Peel and CBH Resources Limited, a wholly owned subsidiary of Toho Zinc of Japan. It is hoped that continued investigation of this project in the current year will lead to a significant increase in the current inferred resource of 3.9 million tonnes at 2.7 per cent copper equivalent.

Drilling at the Company's Wirlong project, about 30km north of Mallee Bull, has also seen the discovery of broad copper intersections including very high grade mineralisation. Wirlong bears the hallmarks of a Cobar-style system and is part of the Cobar Superbasin Project. Exploration at Wirlong is being funded by a \$7 million 50 per cent farm-in to Peel's Cobar Superbasin Project by Japan Oil, Gas and Metals National Corporation (JOGMEC), which is a state-owned enterprise of the Government of Japan. Drilling at Wirlong is expected to recommence in the near-term with the aim of expanding the scale of the mineralised system.

During the year the Company purchased several new tenements in the Cobar Basin, including the Wagga Tank prospect, about 50km southwest of Mallee Bull. Historical drilling at Wagga Tank in the 1970s and 80s returned high grade base and precious metals intersections. No drilling has occurred since 1989 despite mineralisation remaining open along strike and at depth. Your Company has high hopes for this project and drilling is expected to start soon.

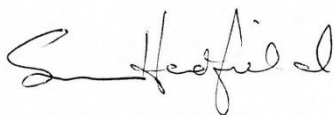
Peel has now identified many highly prospective targets within the area surrounding Mallee Bull and is working hard towards its goal of building a camp of high-grade base and precious metals deposits in this southern part of the Cobar Basin.

Exploration has also continued at the Company's 100 per cent owned Apollo Hill gold project near Leonora in Western Australia. Step-out drilling to the southeast of the existing mineral resource has shown that high grade mineralisation remains present, and continues to be open along strike and down dip, offering excellent potential to increase the scale of the deposit. New metallurgical testwork has also underlined the excellent metallurgical characteristics of Apollo Hill mineralisation.

Subsequent to the year's end, the Company completed a capital raising of approximately \$3 million which together with cash on hand, positions the Company well to pursue its strategic objectives in the Cobar Basin.

On behalf of all shareholders, I would like to thank Peel's first-rate team for the excellent results achieved in the last year and their outstanding efforts in positioning the Company for future success.

Yours Sincerely,



Simon Hadfield

Chairman

29th September 2016

Review of operations

Company Assets Background

At September 2016, Peel held four key mineral projects comprising granted exploration licences and licences under application.

- Gilgunnia (EL7461 and ML1361) is in a 50:50 joint venture with CBH Resources Limited, a wholly-owned subsidiary of Tokyo Stock Exchange-listed Toho Zinc, and contains the Mallee Bull copper-polymetallic discovery and the May Day polymetallic deposit. The tenure also hosts the historic Gilgunnia and 4-Mile goldfields. A maiden resource estimate at Mallee Bull was completed in May 2014, and drilling has since focused on extending the known areas of mineralisation.
- Cobar Superbasin Project (CSP) is a package of granted tenements covering more than 2,100km² of prospective stratigraphy within the Cobar Basin. The tenements are considered prospective for Cobar-style and VHMS polymetallic deposits. The package includes EL8307 located north of Mallee Bull, which contains the new copper-polymetallic discovery at the Wirlong prospect, along with the Sandy Creek and Red Shaft prospects. The tenure is covered by a farm-in agreement with Japan Oil, Gas and Metals National Corporation (JOGMEC) which was executed in November 2014. JOGMEC can earn up to 50% of certain tenements by funding up to \$7 million of exploration expenditure.
- Wagga Tank/Mount View Projects, also in the Cobar Basin, comprise of four newly acquired licences with notable prospects including the namesake Wagga Tank polymetallic deposit, Siegal's Shaft/MD-2, Boolahbone and the May Day Tails anomaly.
- Apollo Hill Project contains two significant gold deposits - Apollo Hill and the Ra Zone - for an inferred resource estimate of 505,000 oz gold. These deposits exhibit the hallmarks of a major mineralised Archean system, showing extensive hydrothermal alteration and deformation. Drilling has continued with the aim of updating the resource model at Apollo Hill with an increase in contained ounces and strengthening the potential for future economic extraction. Broader regional exploration over Peel's WA tenure has also identified numerous additional areas of interest away from the main deposit.

Details on assets

Gilgunnia/Mallee Bull Project

The Gilgunnia/Mallee Bull project, located about 100km south of Cobar in western NSW, contains the Mallee Bull copper-polymetallic discovery, the May Day polymetallic deposit and the historic Gilgunnia and 4-Mile goldfields. Peel and CBH Resources Limited are in a 50:50 Joint Venture over the project tenements EL7461 and ML1361.

Mallee Bull is interpreted to be located in a favourable geological and structural position; it is situated in the suitably high-stress environment of the "nose" of an anticline, and occurs in a geological sequence of turbidite and volcanoclastic sediments which are thought to be age equivalent to the Chesney and Great Cobar Slate Formations found in the immediate Cobar region. Mineralisation occurs either as massive sulphide or breccia/stringer styles within a package of brecciated volcanoclastic and turbidite sediments comprising siltstones and mudstone, and is interpreted to occur as a shoot-like structure dipping moderately to the west.

Mallee Bull Discovery

In late 2010, an airborne electromagnetic geophysical survey (VTEM) was flown over the May Day and 4-Mile/Butchers Dog areas, resulting in the recognition of a coincident late time conducting anomaly and magnetic high. The Mallee Bull anomaly is proximal to the historic 4-Mile goldfield area; a series of surface and underground gold workings located about 10km east of the May Day deposit. A subsequent ground-based geophysical (fixed-loop TEM) survey confirmed the existence of a moderate-strong conductor and in March 2010, a programme of three RC drillholes for a total of 663m targeting the geophysical anomaly was completed. This drilling resulted in the discovery of strongly anomalous polymetallic (gold-silver-copper-lead-zinc) mineralisation in all three drillholes.

Systematic exploration followed involving several rounds of additional drilling (4 more RC drillholes plus a diamond tail) and several down-hole geophysical (DHEM) surveys. This work culminated in discovery drill hole 4MRC007 intersecting multiple zones of strong copper-dominated polymetallic mineralisation including massive sulphides. In late August 2011, Peel announced that drill hole 4MRCDD006 intersected a 10m zone of massive sulphide averaging more than 20%

Review of operations

combined lead-zinc plus silver-gold, and a 6.65m semi-massive zone averaging better than 3% copper plus silver-gold. Mineralisation included chalcopyrite, sphalerite, galena, pyrrhotite, pyrite, and arsenopyrite.

CBH Resources Farm-in

In May 2012, Peel and CBH Resources Limited (a wholly owned subsidiary of Toho Zinc Co Ltd.) signed a binding Heads of Agreement related to EL7461 and ML1361, which includes the Mallee Bull deposit. Under the agreement, CBH had the right to earn an interest of up to 50% over a three-year period via staged \$8.33 million expenditure on exploration and contribution to previous exploration costs incurred by Peel. In March 2014, CBH Resources completed its final Farm-in payment in relation to the agreement, and consequently has earned an undivided 50% interest in the project; a 50:50 Joint Venture has now been formed.

Following CBH's election to farm-in to Mallee Bull, six drilling programs have been completed for a total 39,874m and a seventh is currently underway. The programs continued to confirm significant mineralisation along strike, at depth and also near surface. Stage 3 of the farm-in, which was completed from August 2013 to March 2014 saw mineralisation at Mallee Bull extended to more than 800m below surface.

Mallee Bull Mineral Resource Estimate

In May 2014, a maiden Mineral Resource estimate for the Mallee Bull copper-silver-gold deposit returned a high-grade result, as expected, with approximately 90,000 tonnes of contained copper, 4 million ounces contained silver and 43,000 ounces contained gold (at a 1% copper equivalent cut-off) (see Table 1). This Mineral Resource estimate comprises 3.9 million tonnes at 2.3% copper, 32 g/t silver and 0.3 g/t Au. The Mineral Resource estimate is reported in accordance with the guidelines of the JORC Code (2012 edition) – see ASX announcement dated 27 May 2014:

Cut off CuEq %	Category	Kt	Grade				Contained Metal			
			CuEq	Cu %	Ag g/t	Au g/t	CuEq Kt	Cu Kt	Ag Koz	Au Koz
0.0	Indicated	640	2.18	1.7	28.6	0.53	14	10.9	588	11
	Inferred	3,300	2.7	2.3	32	0.3	90	76	3,395	32
	Total	3,940	2.6	2.2	31	0.3	103	87	3,984	43
1.0	Indicated	620	2.22	1.73	29	0.54	14	10.7	578	11
	Inferred	3,300	2.8	2.4	32	0.3	93	79	3,395	32
	Total	3,920	2.7	2.3	32	0.3	107	90	3,973	43
1.4	Indicated	580	2.28	1.78	29.6	0.57	13	10.3	552	11
	Inferred	3,100	2.8	2.4	33	0.3	87	74	3,289	30
	Total	3,680	2.7	2.3	32	0.3	101	85	3,841	41
1.8	Indicated	450	2.46	1.92	30.5	0.65	11	8.6	441	9
	Inferred	2,600	3.1	2.7	36	0.3	82	70	3,009	25
	Total	3,050	3.0	2.6	35	0.4	93	79	3,451	34

Table 1: Mallee Bull Mineral Resource Estimate

Recent Activity

The mineral resource estimate formed the basis of an in-house scoping study, which amongst other things, highlighted the benefits of increasing the scale of Mallee Bull. To this end, further activities and investigations at Mallee Bull have focused on this aim.

In early 2015, a 3D DC-IP-MT survey was completed, identifying numerous anomalies including the T1 area. Defined by a very strong chargeable and low resistivity response, T1 is located about 150m below surface and up-dip to the northeast of Mallee Bull. RC drilling of the target encountered extremely high grade Zn-Pb-Ag-Au mineralisation, including 7m @ 21.39% Zn, 12.74% Pb, 203 g/t Ag, 0.58 g/t Au from 71m in MBRC028 and 12m @ 20.30% Zn, 14.81% Pb, 308 g/t Ag, 1.59 g/t Au from 83m in MBRC024.

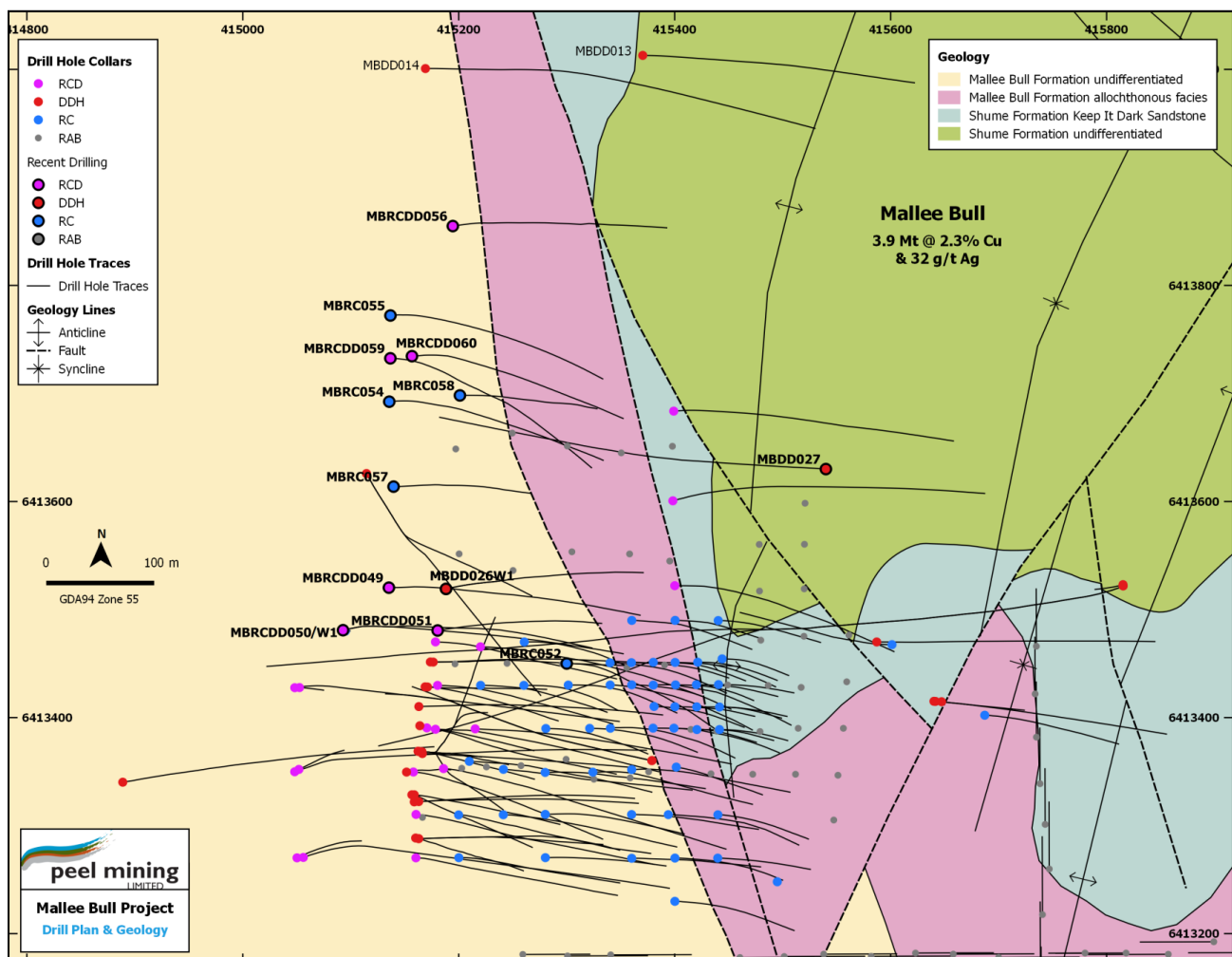
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It should be noted that substantial zinc-lead mineralisation has previously been intersected at Mallee Bull, most notably on the northern end of the current resource model, where it extends more than 500m below surface, and remains open. Zinc-lead mineralisation remains to be formerly quantified.

Further RC drilling at T1 was completed this reporting period to test the strike potential of the IP chargeability anomaly. Results from drillholes MBRC036 to MBRC048 generally returned low grade mineralisation with a best result of 18m @ 3.72% Zn, 1.75% Pb, 20 g/t Ag, 0.38 g/t Au from 103m including 1m @ 24.3% Zn, 11.8% Pb, 198 g/t Ag, 1.0 g/t Au from 107m in MBRC037. This interval is located ~140m south of the previously intercepted high grade zinc-lead rich mineralisation, and extensional and closer-spaced drilling is anticipated as follow-up.

The area north of the Mallee Bull resource was also the focus of RC and diamond drilling, with drillholes completed at the end of 2015 as part of CBH JV Program 6 intercepting multiple new intervals of chalcopyrite-pyrrhotite stringer/breccia style mineralisation and increasing the strike of copper mineralisation to the north. Encouragingly, an RC drillhole from this program MBRC052 located on the northern edge of the Mallee Bull resource and beneath the T1 mineralised zone returned a 4m intercept @ 1.52% Cu, 111 g/t Ag, 0.21 g/t Au, 2.52% Pb, 4.2% Zn from 197m. Other extensional intercepts are outlined below:

- MBRCDD049, located ~120m further north than previous deep drilling, encountered 5m @ 1.01% Cu, 12 g/t Ag from 371m, 2m @ 1.91% Cu, 23 g/t Ag, 0.25 g/t Au from 392m and 3m @ 2.42% Cu, 74 g/t Ag, 0.29 g/t Au, 0.87% Pb, 0.22% Zn from 403m.
- MBRCDD050, located ~80m further north than previous drilling, intersected a very broad 62m (~40m true width) interval averaging @ 3.15% Cu, 42 g/t Ag, 0.28 g/t Au from 465m, including 34m (~22m true width) @ 4.6% Cu, 63 g/t Ag, 0.44 g/t Au from 475m; significantly wider than the 3m footwall stringer interval previously modelled for this area.



- Figure 1: Mallee Bull Drill Plan

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- MBRCDD050W1, targeting ~80m down-dip of MBRCDD050, intersected a 13m zone at 0.86% Cu, 33 g/t Ag, 1.39 g/t Au, 0.34% Pb, 0.68% Zn from 407m.
- MBRCDD051, approx 100m east of MBRCDD050, encountered multiple strong intervals of stringer/breccia mineralisation similar to that in drillholes MBRCDD049 and MBRCDD050 from ~375m down hole. Intercepts include 5m @ 2.1% Cu, 59 g/t Ag, 0.72 g/t Au from 385m, 4m @ 1.18% Cu, 23 g/t Ag, 0.12 g/t Au from 398m, 4m @ 1.87% Cu, 18 g/t Ag, 0.87% Pb, 0.22% Zn from 403m.
- MBDD026/026W1, drilled about 40m north of MBRCDD050, intercepted minor stringer mineralisation from ~419m including 2m @ 2.33% Cu, 46 g/t Ag, 0.62 g/t Au from 422m.

Review of historic DHEM surveys at Mallee Bull has since led to the discovery of new copper mineralisation still further to the north. The current drill program (CBH JV Program 7) was instigated to target an off-hole anomaly centred ~300m north of the main Mallee Bull deposit. Drill testing of the conductor commenced with RC drillholes MBRC054 and MBRC055, with significant intervals including 7m @ 2.01% Cu, 37 g/t Ag, 0.15 g/t Au from 324m in MBRC054 and 9m @ 2.24% Cu, 27 g/t Ag, 0.27 g/t Au from 455m in MBRC055 (~80m north of MBRC054). Assays from the additional 6 drillholes that have been completed remain pending. Mineralisation intersected to date comprises stringer/breccia style quartz-sulphide (chalcopyrite-pyrrhotite) mineralisation, and remains open along strike and down dip. The true width of mineralisation is thought to be ~60% of the downhole intervals.

May Day

May Day was discovered in 1898 and was initially developed as an underground copper-lead-silver mine. Exploration in the 1970s identified high grade gold-base metal mineralisation to a depth of about 250m below surface. Exploration in the late 1980s defined a shallow gold resource, which eventually led to the development in 1996 of a small-scale mining operation comprising an open pit with a heap leach gold circuit.

Since acquisition in late 2009, Peel has completed multiple phases of exploration involving: an initial due diligence site visit inclusive of geological mapping and rock chip sampling; geophysical surveys comprising gravity and Induced Polarisation; remodelling of airborne magnetic data; laser scanning and survey pick-up of the open pit and historic drillholes; an RC drilling programme; early-warning metallurgical testwork; and a helicopter-borne geophysical survey (VTEM).

RC drilling in 2010 confirmed down dip extensions of mineralisation and that mineralisation is shear-related, occurring as a sub-vertical lense/shoot. Mineralisation occurs at or near the interbedded contact of a fine-grained sedimentary hangingwall and a porphyritic volcanic footwall, is associated with silica/talc alteration, and includes disseminated through to massive sphalerite-galena-pyrite-pyrrhotite-chalcopyrite sulphides.

Developments at the nearby Mallee Bull prospect add significant value to the Gilgunnia/Mallee Bull Project and support the prospectivity of the May Day deposit. Further work at May Day will involve a deep drilling programme targeting the magnetic anomaly at depth. No work was completed at the prospect in the current year.

Cobar Superbasin Project

Work on the Cobar Superbasin Project continued under the farm-in agreement with Japan Oil, Gas and Metals National Corporation (JOGMEC); JOGMEC may earn up to 50% interest in the project by funding up to \$7 million of exploration expenditure. Stage 1 expenditure was practically completed by year end and included diamond and RC drilling, focusing predominantly on the Wirlong prospect.

Wirlong

The Wirlong prospect is located within EL8307, approximately 20km west of Nymagee and 70km south-southeast of Cobar. It is defined by historic copper workings, a topographic high, a >2km surface multi-element geochemical anomaly, and coincident or semi-coincident geophysical anomalies including magnetic, radiometric, gravity, IP and electromagnetic. Early stage exploration drill results testing the geochemical anomaly returned significant mineralised intervals including 4m @ 3.04% Cu, 12 g/t Ag, 0.19% Zn from 196m in WLRC005, 2m @ 2.99% Cu, 1.08 g/t Au, 16 g/t Ag, 0.41% Zn from 322m in WLRC006, and 2m @ 2.30% Zn, 0.81% Pb, 4 g/t Ag from 139m in WLRC007.

Review of operations

Recent Activity

RAB, RC and diamond drilling completed at Wirlong this reporting period (Phases 2 and 3 of the JOGMEC JV) continued to return strong base metals mineralisation with results confirming a new high-grade copper discovery, indicating that the prospect represents a very large, mineralised hydrothermal system with a strike length of more than 2.5km.

Phase 2 commenced with drillholes WLRC008 and WLRC009 to test beneath the historic workings and anomalous surface geochemistry. Both drillholes intercepted broad zones of highly anomalous copper-lead-zinc-silver mineralisation from near surface with best intervals including 5m @ 1.64% Zn, 0.82% Pb, 2 g/t Ag from 93m and 1m @ 6.44% Zn, 3.81% Pb, 0.54% Cu, 18 g/t Ag from 113m in WLRC008, and 19m @ 2.44% Zn, 0.39% Pb, 4 g/t Ag from 103m (incl. 3m @ 6.90% Zn, 0.88% Pb, 12 g/t Ag from 120m) in WLRC009.

Subsequent Phase 2 drilling comprised a further 41 RAB drillholes and 14 RC/diamond drillholes, following-up the previous high grade intercepts and testing multiple other targets identified from geophysical and geochemical data. WLRCDD015, drilled to target the northern end of Wirlong's multi-element geochemical anomaly along with gravity, IP, chargeability and magnetic anomalies, returned intercepts such as 4.9m @ 4.3% Cu, 13 g/t Ag from 402.1m (incl. 0.9m @ 19.5% Cu, 58 g/t Ag from 402.1m) and 22m @ 1.0% Cu, 4 g/t Ag from 332m. Follow-up diamond drillhole WLDD001 also returned multiple significant mineralised zones including 9m @ 8.0% Cu, 17 g/t Ag, 0.21 g/t Au from 616m (incl. 2.82m @ 21.85% Cu, 46 g/t Ag, 0.62 g/t Au from 619.68m) and 38m @ 1.18% Cu, 4 g/t Ag from 450m.

Phase 3 comprised 8 drillholes for 3,691.6m, starting with the RC extension of drillhole WLRC008 to target an off-hole DHEM anomaly. Whilst minor chalcopyrite and sphalerite were noted in the drill chips, results were not significant. Successive drillholes proved to be more fruitful, with encountered mineralisation in general comprising chalcopyrite+/-pyrrhotite+/-sphalerite+/-galena+/-pyrite and occurring as sulphide disseminations, veins and veinlets, and breccia within occasionally sheared/deformed and altered (silica-chlorite-sericite) turbidite sediments and/or felsic volcanics (rhyolite/rhyodacite):

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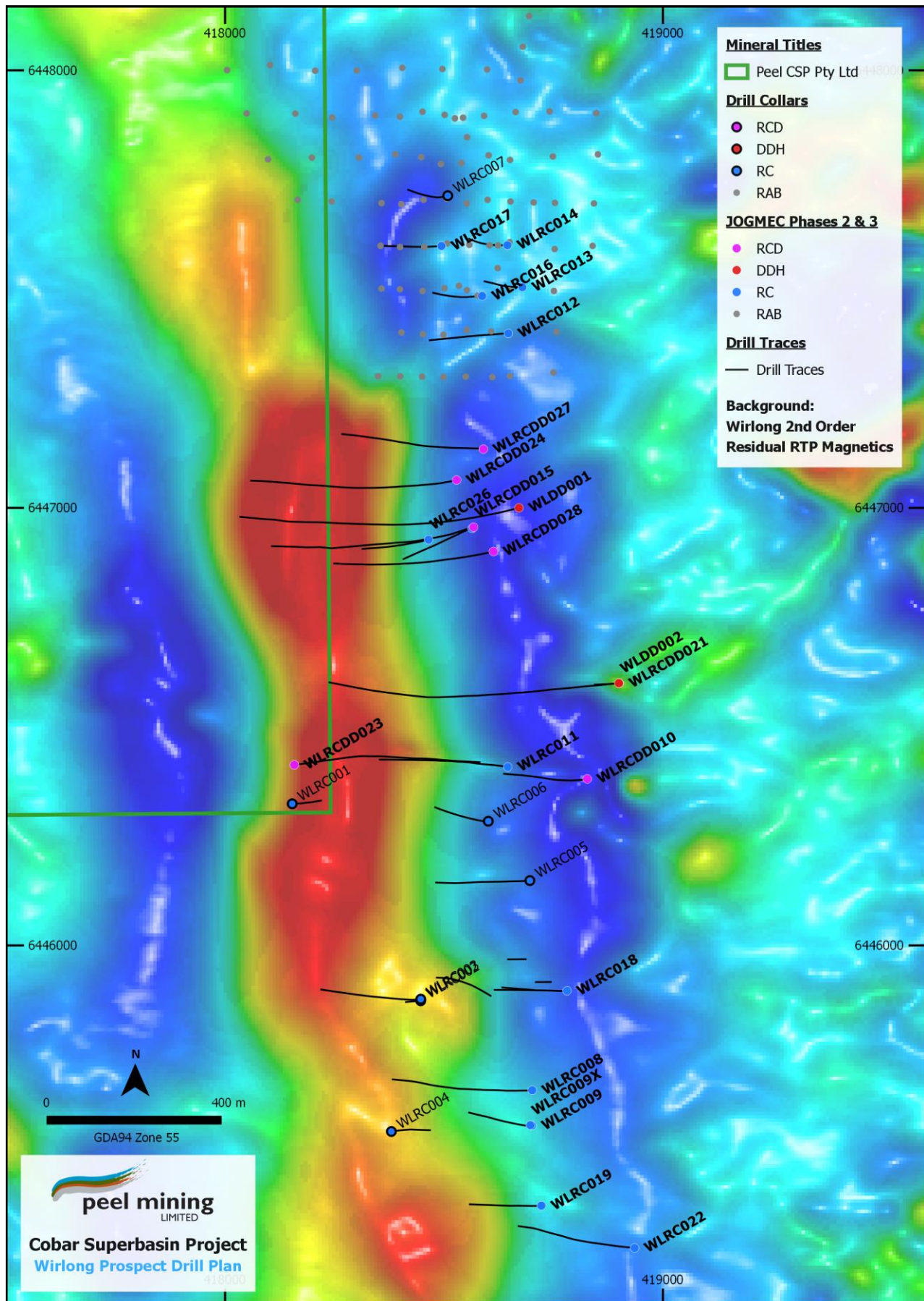


Figure 3 - Wirlong Prospect Drill Plan

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- WLR022 (403m) was drilled to target the northern end of an anomaly identified from a detailed gravity survey, which was completed in September 2015 over and between the Wirlong and Red Shaft prospects. Significant intercepts include 1m @ 0.35% Cu, 1.30% Pb, 0.76% Zn, 29 g/t Ag from 172m and 1m @ 0.46% Pb, 0.95% Zn from 366m. The drillhole was interpreted to have passed above the gravity body deemed responsible for the anomaly.
- WLR023 (588.1m) was drilled to test the Wirlong magnetic and geochemical anomalies from the western side of the Wirlong ridge line. Significant intercepts include 1m @ 0.45% Cu, 1.41% Pb, 0.95% Zn, 37 g/t Ag from 343m, 2m @ 0.79% Cu from 347m, 2m @ 0.57% Cu from 387m, 1m @ 0.67% Cu from 395m and 1m @ 0.38% Pb, 0.80% Zn from 420m.
- WLR024 (858.4m) was drilled to test along strike to the north of WLR015 and its gravity/magnetic target. The drillhole encountered multiple intercepts of strong copper and zinc mineralisation, with sericite and chlorite alteration observed throughout. Significant intercepts include 121m @ 0.73% Cu, 3 g/t Ag from 207m (including 26m @ 1.21% Cu, 5 g/t Ag from 227m, 5m @ 1.14% Cu, 3 g/t Ag from 260m, 2m @ 1.24% Cu, 5 g/t Ag from 278m, 10m @ 1.01% Cu, 4 g/t Ag from 288m), 1m @ 4.81% Cu, 10 g/t Ag from 556m, 2m @ 2.23% Cu from 617m. Encouragingly, mineralisation remains open at depth, with an intercept of 0.4m @ 3.01% Zn from 858m to EOH.
- WLR026 (277m) was drilled to test up-dip of WLR015, with intercepts including 2m @ 3.80% Cu, 10.5 g/t Ag from 36m, 1m @ 1.31% Cu from 71m, 2m @ 0.80% Cu from 74m, 2m @ 0.96% Cu from 243m, 1m @ 1.46% Cu from 249m and 9m @ 1.27% Cu from 255m.
- WLR027 (598.7m) was drilled to test along strike to the north of WLR024. Significant copper mineralisation was again encountered, with better intercepts including 2m @ 0.64% Cu from 57m, 2m @ 1.14% Cu from 62m, 2m @ 0.86% Cu from 66m, 2m @ 0.96% Cu from 71m, 2m @ 2.06% Cu, 20 g/t Ag from 106m, 1m @ 1.13% Cu from 244m.
- WLR028 (594.4m) was drilled to test along strike to the south of WLR015 and its gravity/magnetic target. Strong copper and zinc mineralisation was encountered in multiple intervals, with results including 90m @ 0.68% Cu, 3 g/t Ag from 412m (including 9m @ 1.29% Cu, 7 g/t Ag from 412m and 19m @ 1.36% Cu, 6 g/t Ag from 432m), 3m @ 0.70% Zn from 509m, 1m @ 0.57% Pb, 6.96% Zn from 546m and 1m @ 0.95% Zn from 592m.

Mineralisation at Wirlong remains open up and down dip, and along strike; future activities will focus on extending the known mineralised zones and targeting potential higher grade structures.

Sandy Creek

The Sandy Creek prospect is located approximately 12km SSW of the Wirlong prospect and is directly along strike from the stratigraphic contact intersected at the Mallee Bull deposit, occupying the same geological unit; a north-south trending belt of sandstone and siltstone of the Shume Formation. A coincident IP anomaly and discrete magnetic low identified in the area was the target for historic drillhole SCDD001 drilled in 2002 by Pasminco. Down-hole EM identified a very strong off-hole conductor 50m below and slightly north of SCDD001; this conductor was the target of drillhole SCDD002 drilled in 2003 which returned 10.2m @ 1.6% Cu, 7.4% Pb, 68 g/t Ag from 521.8m.

Follow-up drilling by Peel encountered several broad zones of mineralisation and alteration, including a 19m zone of variable pyrrhotite-dominant sulphides containing a 4m interval averaging 9.63% Pb, 1.1% Zn, 0.50% Cu, 48 g/t Ag from 493m in PSCDD001, and 1m intervals in hole PSCDD002 of 9.16% Pb, 5.36% Zn, 1.48% Cu, 82.3 g/t Ag from 499m and 3.65% Pb, 6.91% Zn, 25.4 g/t Ag from 502m.

Activities this reporting period comprised of RAB and RC drilling both at the main prospect area and an additional target identified approximately 5km north named 'Valvoline'. At the main prospect, 24 RAB drillholes (PSCRAB080 - 104) were drilled to the south of the Sandy Creek mineralisation to evaluate the extensional potential and test a chargeability anomaly associated with a gravity high. Approximately 1km to the SW, another IP chargeability anomaly located along strike from the former was also tested with 29 RAB drillholes. Whilst results were generally low, several intervals of lead and zinc mineralisation were returned, with better intercepts including 1m @ 0.29% Pb from 28m in PSCRAB097, 6m @

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0.22% Pb from 38m (incl. 1m @ 0.49% Pb from 40m) in PSCRAB062, 3m @ 0.18% Zn from 38m to EOH in PSCRAB063 and 1m @ 0.26% Pb from 49m in PSCRAB072.

The Valvoline prospect, defined by two adjacent magnetic anomalies of 17nT and 22nT amplitudes, was targeted by 2 RAB and 2 RC drillholes. Excepting a 1m intercept of 0.17% Pb from surface in RAB hole WB002, no significant results were returned. However, it is noted that both RC drillholes failed to properly test the modelled magnetic anomalies.

Red Shaft

The Red Shaft prospect is located approximately 9km northeast of Sandy Creek and 4km south of Wirlong, and bears many similarities to the latter. The prospective stratigraphy that hosts the mineralisation at Wirlong is traceable to Red Shaft, indicating a mineralised trend covering more than 6km strike. RAB drilling was completed at Red Shaft following the success of the December 2014 program (incl. 15m @ 0.86 g/t Au from 7m in RSRAB035) along with 6 RC drillholes, returning significant gold and lead values:

- 6m @ 0.44 g/t Au from 48m in RSRAB043, 12m @ 0.31 g/t Au from 36m in RSRAB050, and 18m @ 0.34 g/t Au from 6m in RSRAB054.
- 1m @ 1.21% Pb, 0.05% Cu, 0.06% Zn from 31m in RSRAB043, 1m @ 1.53% Pb, 0.20% Cu, 0.02% Zn from 34m in RSRAB045, 2m @ 0.62% Pb, 0.12% Cu, 0.10% Zn from 6m in RSRAB046.
- 10m @ 0.84 g/t Au, 0.20% Cu, 0.26% Pb from 60m incl. 4m @ 1.88 g/t Au, 0.35% Pb from 61m in RSRC003, 2m @ 0.41% Pb, 6 g/t Ag from 54m in RSRC004, 2m @ 0.44% Pb from 17m in RSRC005, and 5m @ 0.76% Cu from 62m in RSRC007.

Bedooba

The Bedooba prospect, approximately 15km southwest of Sandy Creek, is defined by a NE/SW trending magnetic anomaly with coincident gravity high and a substantial multi-element geochemical soil anomaly along strike to the north-east. Encouragingly, a detailed gravity survey has indicated a continuation of the positive gravity ridge to the south, and 3D inversion model of airborne magnetic data collected over the prospect this reporting period has been completed for drill targeting. Recent soil sampling also confirmed the previously identified arsenic and bismuth surface geochemical anomalies, and an additional partial leach program is anticipated along the anomalous magnetic/gravity trend.

Wagga Tank/Mount View Projects

The Wagga Tank and Mount View Projects comprise a package of 4 tenements within the Cobar Superbasin, for which Peel completed purchase agreements this year.

ELs 7581 and 7484 of the Mount View Project were acquired from MMG Australia Limited, with the latter licence (which adjoins EL7461, host to the Mallee Bull and May Day deposits) containing the May Day Tails prospect; a large untested coincident magnetic and geochemical anomaly.

ELs 7226 and L6695 of the Wagga Tank Project were held in Joint Venture by MMG Australia Limited (80%) and Golden Cross Operations Pty Ltd (20%). Subsequent to the year end, Peel acquired 100% of the Joint Venture interests with MMG Australia Limited receiving \$1 consideration and 2% NSR on any future metals production; and Golden Cross Operations Pty Ltd receiving \$40,000 cash. Transfer of EL6695 has been finalised, and Peel expects transfer of the remaining tenements to be completed in the quarter post year end.

Wagga Tank and Siegal's Shaft prospects

Preliminary field reconnaissance was conducted on EL6695 which contains both the Wagga Tank and Siegal's Shaft/MD-2 prospects. Rock chip samples taken in both areas returned highly anomalous values; 0.69% Pb, 0.31% Zn, 16 g/t Ag, 2.01 g/t Au from PRT01 and 0.31% Pb, 0.93 g/t Au from PRT02 at Siegal's Shaft; 0.26% Cu, 2.97% Pb, 0.20% Zn from PRT03 and 0.29% Cu, 1.45% Pb, 0.30% Zn from PRT04 at Wagga Tank.

Review of operations

Shortly after the end of this reporting period, Peel completed RC drillhole MD2RC001 to target a strong positive magnetic anomaly that defines the Siegal's Shaft/MD-2 prospect area. Historic activities had insufficiently tested this feature, with drilling predominantly focused on following-up surface geochemical anomalism and associated IP anomalies. MD2RC001 was terminated at 343m due to excessive water, however anomalous Cu, Pb and Zn values were seen throughout the hole along with elevated magnetic susceptibility readings. Whilst final assay results remain pending, significant intercepts from portable XRF analyses include 1m @ 1.22% Zn, 0.36% Pb from 81m and 20m @ 0.23% Zn from 119m (including 2m @ 0.41% Zn, 0.11% Pb from 121m and 1m @ 0.37% Zn, 0.19% Pb, 9 g/t Ag from 144m). Follow-up DHEM surveying of MD2RC001 is anticipated, along with further drilling. Geological mapping of the area has shown that mineralisation at Siegal's Shaft/MD-2 have characteristics similar to the styles at Mallee Bull, Sandy Creek and Wirlong.

Drilling is also planned for the Wagga Tank prospect. Historic drilling at Wagga Tank culminated in the estimation of a non-JORC compliant inferred mineral resource comprising polymetallic (Zn-Pb-Cu-Ag-Au) mineralisation, with significant intercepts including 5.3m @ 2.09 g/t Au, 1164 g/t Ag, 9.36% Cu, 0.78% Pb from 119.8m in HD-9; 15.4m @ 133 g/t Ag, 0.4% Cu, 4.5% Pb, 12.5% Zn from 140.1m in HD-11; 7.5m @ 99.4 g/t Ag, 7.25% Pb, 18.0% Zn from 215.6m in HD-12 and 2.5m @ 0.24 g/t Au, 100 g/t Ag, 0.25% Cu, 8.59% Pb, 11.6% Zn from 216.2m in HD-14. A review of data at Wagga Tank indicates that the mineralised system remains open along strike and at depth.

Apollo Hill Project

The Apollo Hill gold project is located 60km southeast of Leonora, Western Australia. Two main gold deposits define the Apollo Hill deposit; Apollo Hill Main Zone and the Ra Zone. Both deposits exhibit the hallmarks of a major mineralised Archean gold system, showing extensive and intense hydrothermal alteration and deformation.

In June 2010, Peel entered into an option agreement with Hampton Hill Mining NL (ASX:HHM) to acquire the entire issued capital of Apollo Mining Pty Ltd, the 100%-owner of the Apollo Hill gold, and in November 2010 the option was exercised. The key terms of the sale agreement saw Peel issue 11 million fully paid ordinary shares to HHM in consideration for Apollo Hill, and HHM granted a 5% gross overriding royalty on Apollo Hill gold production exceeding 1 million ounces.

Peel has since consolidated the Apollo Hill Project landholding to over 930km² of granted tenure and applications, with multiple prospective targets identified over the broader area and away from the main Apollo Hill resource.

History and Geology

Apollo Hill was discovered in 1986 by Fimiston Mining Limited during a drill program aimed at finding the source of abundant alluvial gold at the base of a prominent hill in the area. Active drilling so far has outlined extensive gold mineralisation and alteration over a 1km strike length, which is up to 250m wide and dips 45-60 degrees to the east.

Multiple gold mineralisation events are interpreted to have occurred at Apollo Hill during a complex deformational history. Gold mineralisation is accompanied by quartz veins and carbonate-pyrite alteration associated with a mafic-felsic contact.

The Apollo Hill gold project straddles a major shear zone, known as the Apollo shear zone, which is a component of the Keith Kilkenny Fault system. This shear zone is largely concealed beneath transported overburden, often associated with the Lake Raeside drainage system, and previous surface geochemical sampling and shallow RAB drilling has consequently been of limited effectiveness. Deeper drilling by previous explorers has largely focused on the only locality where this shear zone is exposed at surface, Apollo Hill itself, and also on a nearby parallel trend termed the Western trend (Ra deposit).

Review of operations

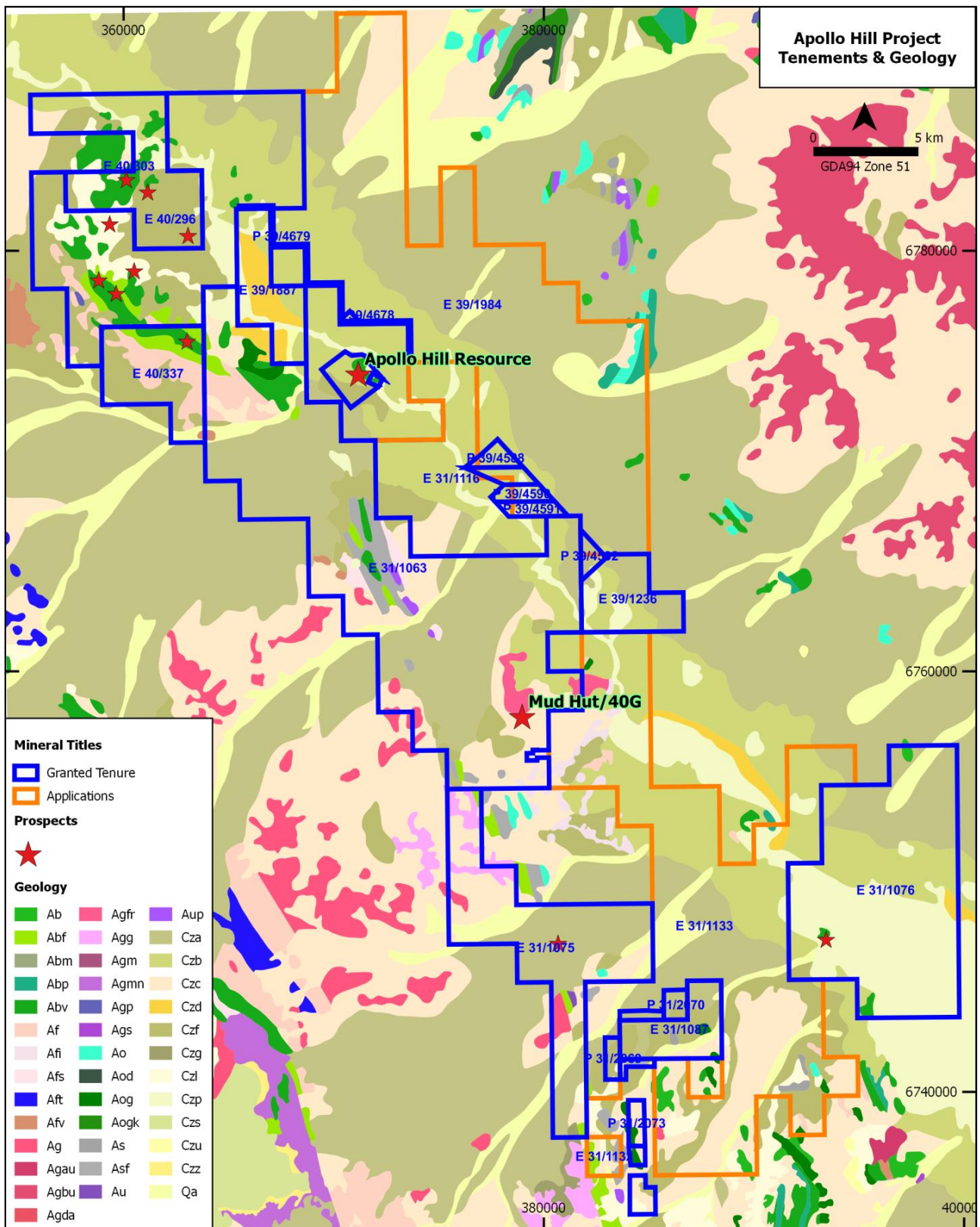


Figure 4 - Apollo Hill Project Tenements & Geology

Review of operations

Apollo Hill Mineral Resource Estimates

In December 2010, Peel reported a maiden inferred resource estimate for the Apollo Hill and Ra deposits; 11.1 Mt at 1.0 g/t Au for 341,000 ounces of gold (using 0.5 g/t gold cut off), with the potential to increase resources with minimal further drilling.

In line with this conclusion, Peel completed a programme of infill and extensional drilling from April to June 2011, comprising approximately 3,600m of RC and diamond drilling. The programme was designed to increase sample density to allow for the extension of the Apollo Hill resource model a further 200 metres (grid) south, and to a minimum depth of about 150 metres below surface. The drilling also provided representative gold-mineralised material for additional metallurgical testwork. Subsequently, in September 2011 Peel reported a 48 per cent increase in the resource estimate for Apollo Hill, to 505,000 ounces contained gold.

The updated mineral resource estimate totals 17.2 million tonnes at 0.9 g/t Au for 505,000oz of gold (using a 0.5 g/t gold cut-off) across the Apollo Hill and Ra deposits. The Mineral Resource estimate is reported in accordance with the guidelines of the JORC Code (2004 edition) – see ASX announcement 9 September 2011:

Cut-off	RA			Apollo Hill			Total		
Au g/t	Mt	Au g/t	Koz	Mt	Au g/t	Koz	Mt	Au g/t	Koz
0.2	2.4	0.7	54	43	0.5	691	45.4	0.5	745
0.4	1.5	1	48	22	0.8	566	23.5	0.8	614
0.5	1.2	1.1	42	16	0.9	463	17.2	0.9	505
0.6	1	1.2	39	12	1.0	386	13	1.0	424
0.8	0.7	1.4	32	7	1.2	270	7.7	1.2	302
1	0.5	1.6	26	4	1.4	180	4.5	1.4	206
1.2	0.4	1.8	23	2	1.6	103	2.4	1.6	126

Table 2: Apollo Hill Resource Estimates

Peel Mining believes that the shallow and extensive nature of mineralisation at the Apollo Hill gold project suggests that the project has reasonable prospects for eventual economic extraction.

Metallurgy

Metallurgical testwork on Apollo Hill mineralisation has consistently given promising outcomes. The latest program undertaken in early calendar 2016 was completed to evaluate gravity and cyanide leach extractions (including heap-leach simulation) from the ore at conventional grind sizes and coarse-crush sizes, with key results as follows:

- Head Assay Characteristics
 - o The overall head grade was calculated to be 0.73 g/t Au with variable assay repeatability. The ore contains minor concentrations of silver and low concentrations of cyanide consuming metals.
- Comminution Characteristics
 - o Bond Ball Mill Work Index indicates an ore of average hardness (16 kWh/t)
- Gold extraction characteristics
 - o Excellent Au extraction with agitated cyanide leach; 92-98% recovery at P80 sizes of 300, 150 and 90 microns
 - o Excellent gravity Au extraction; Gravity Recoverable Gold (GRG) test returned 82.5% recovery
 - o Moderate to good Au extraction with column leach; heap leach simulation tests at HPGR crush sizes of -4mm and -8mm achieved 76.7% and 69.1% recovery respectively, with moderate cyanide consumption.

Review of operations

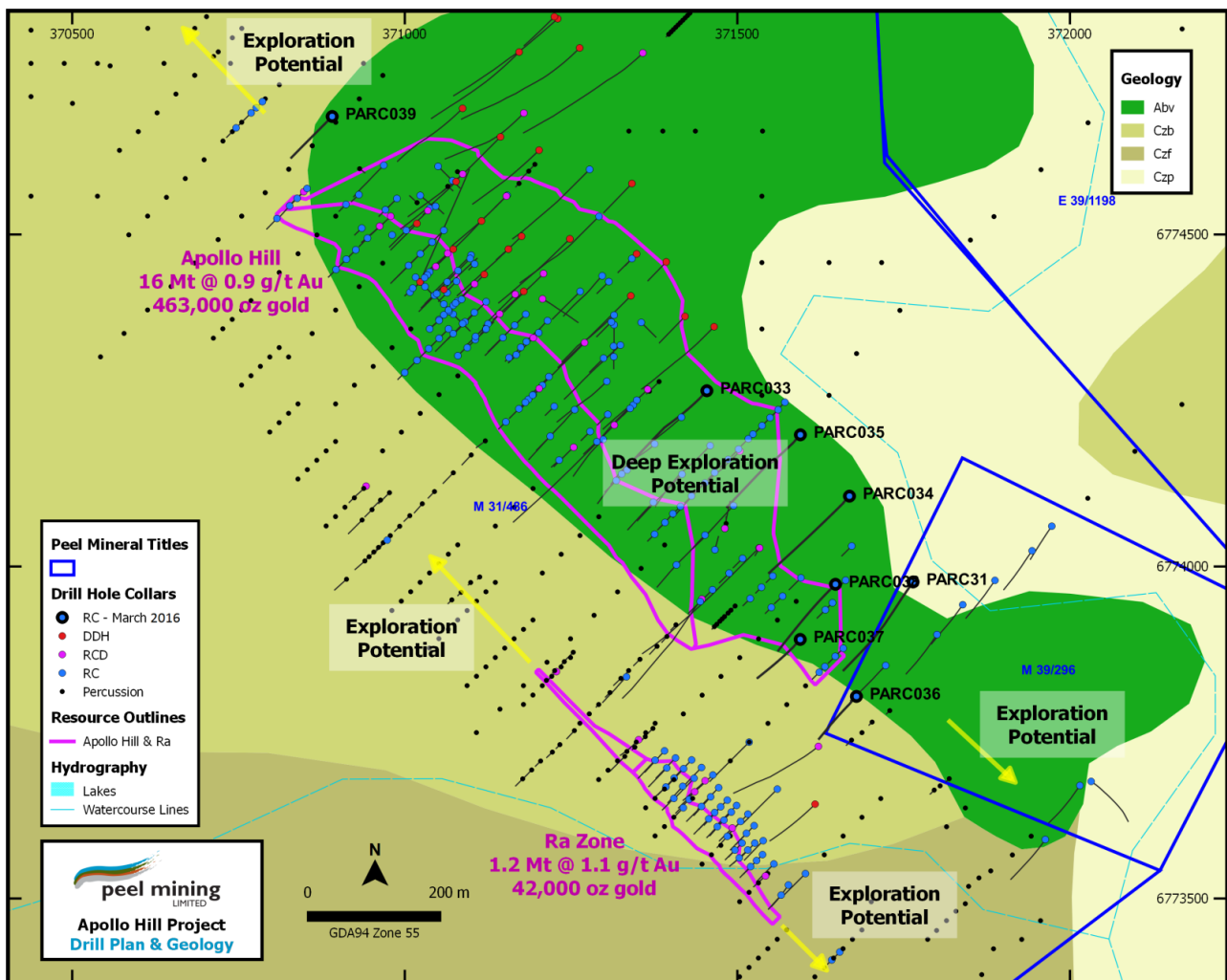


Figure 5 - Apollo Hill Resource Exploration Potential

Recent Activity

An RC drilling program was completed at Apollo Hill in early calendar 2016, comprising 7 new drillholes (PARC033-39) and an extension to the existing drillhole PARC31. Encouragingly high grade gold mineralisation was encountered, increasing the known strike of the Apollo Hill main zone by up to 250m to the southeast indicating good potential to add to the existing resource. Extensional intercepts included 8m @ 6.39 g/t Au from 71m (incl. 3m @ 15.6 g/t Au from 74m) and 10m @ 4.23 g/t Au from 94m (incl. 5m @ 6.31 g/t Au from 95m) in PARC036, as well as 28m @ 0.86 g/t Au from 207m in PARC31. Infill drill results in the southeast portion of the resource were also positive; 1m @ 8.09 g/t Au from 47m and 1m @ 4.77 g/t Au from 120m in PARC037, and 5m @ 1.56 g/t Au from 19m, 1m @ 4.4 g/t Au from 53m, 1m @ 5.20 g/t Au from 95m, 1m @ 4.23 g/t Au from 113m, 1m @ 19.55 g/t Au from 142m and 1m @ 8.50 g/t Au from 162m in PARC038.

RC drillholes were also collared to test for down-dip extensions to mineralisation in the central and southern part of the Apollo Hill main zone area and multiple mineralised intervals were intercepted in all three; 10m @ 0.76 g/t Au from 214m in PARC033, 5m @ 1.71 g/t Au from 209m, 1m @ 7.51 g/t Au from 246m and 1m @ 42.77 g/t Au from 287m in PARC034, and 12m @ 0.85 g/t Au from 258m in PARC035.

Further drilling is anticipated at the main Apollo Hill deposit to follow-up these encouraging results.

Additional activities at the main zone comprised of the sampling and assaying of historic drill core. Diamond drilling completed by Apex Minerals NL in 2006 had returned significant mineralised zones including 1.26m @ 21.12 g/t Au from 192.74m in AAHD0002, 1.3m @ 14.46 g/t Au from 96.7m in AAHD0004, and 2m @ 69.26 g/t Au from 146m in AAHD0010. However, numerous sample gaps were present with many in close proximity to high grade Au intervals as well as the ends of drillholes. The latest assays continue to substantiate the Apollo Hill resource model with intervals such as 1m @

Review of operations

6.74 g/t Au from 165m in AAHD0004; 1m @ 2.91 g/t Au from 225m in AAHD0010; 2m @ 1.18 g/t Au from 148m in AAHD0014; 1m @ 2.59 g/t Au from 400m and 1m @ 3.60 g/t Au from 417m in AAHD0020.

Regional Apollo Hill Project Exploration

Regional exploration activities throughout Peel's extensive WA tenure has delineated multiple targets that warrant further investigations. The most promising of these is the '40G' prospect, located on E31/1063 to the SE of the main Apollo Hill resource. Preliminary geochemical sampling showed the area to be highly anomalous in gold (max. 42.9 g/t Au) and follow-up RAB drilling completed late last financial year continued to highlight the prospectivity of the area with intercepts such as 2m @ 0.53 g/t Au from 9m in 40GRAB03, 2m @ 1.32 g/t Au from 16m and 2m @ 2.11 g/t Au from 22m in 40GRAB12, and 1m @ 1.09 g/t Au from 18m in 40GRAB17. Auger and rock chip sampling has since extended coverage to the north, south and east of the RAB drilling, with anomalous gold values of up to 110ppb Au returned towards the east along an interpreted NE trending magnetic structural feature. An RC and diamond drilling program has been proposed to test whether mineralisation hosting structures exist beneath the geochemical anomalies, with additional surface sampling to be completed prior to drilling commencement.

About 17km southeast of 40G, a small soil and rock chip sampling program was undertaken on E31/1076 'Mt Remarkable' where the main target is a strong discrete magnetic anomaly (named 'The Eye') in otherwise low-to-moderately responsive basalt. Whilst only minor Au values were returned, an increase in surface sampling coverage is deemed required to investigate the full potential of the area.

Attunga

Attunga is located about 20km north of Tamworth, NSW. Within the Attunga project, there are two specific areas of interest; the Attunga Tungsten Deposit and the Attunga Copper Mine prospect. The Attunga Project area is considered prospective for tungsten-molybdenum skarn-type mineralisation and base/precious metal skarn-type mineralisation.

Attunga Copper Mine

The Attunga Copper Mine, located about 800m north of the Attunga Tungsten Deposit was discovered in 1902 and worked over various periods up until World War 2. Total recorded production was about 1,600t ore grading ~6% copper, ~8 g/t gold and ~150 g/t silver. Other significant metals present include bismuth and molybdenum.

In May 2009, Peel completed a drilling program targeting the historic Attunga Copper Mine workings and an EM anomaly. While thick clays prevented the effective testing of the EM anomaly, drilling to the south of the historic workings resulted in the discovery of polymetallic mineralisation. Drillhole ACM-004 returned 75m at 1.02 g/t Au, 0.87% Cu, 0.09% Mo, 0.06% Bi, and 22 g/t Ag from 136m including 27m at 1.60 g/t Au, 1.6% Cu, 0.18% Mo, 0.1% Bi, and 39 g/t Ag from 136m. The true width of the above intervals is construed to be approximately 25% of the down-hole intercepts. Further drilling was completed in 2010, where six diamond drillholes totalling 944m drilling that returned encouraging mineralisation up-dip of ACM-004 with an interval of 5.6m at 0.44% Mo, 0.70 g/t Au, 12 g/t Ag, 0.45% Cu, 1.9 g/t Re from 48m and 1.4m at 22.70 g/t Au, 13 g/t Ag, 0.72% Cu from 55m.

The results from the Attunga Copper Mine confirm the presence of significant molybdenum-gold-copper skarn mineralisation that remains open in several directions and provides encouragement that the Attunga skarn deposits are possibly part of a larger metalliferous system.

Attunga Tungsten Deposit

Multiple phases of exploration have been completed by Peel at the Attunga Tungsten Deposit including the completion of an independent JORC-compliant mineral resource estimation in April 2008. The Mineral Resource estimate is reported in accordance with the guidelines of the JORC Code (2004 edition) – see ASX announcement 24 April 2008:

Review of operations

Total Inferred Resource					
WO3 equivalent cutoff	Million Tonnes	WO3 %	Mo %	WO3 equivalent %	Tonnes WO3 equivalent
0.1	2.27	0.39	0.04	0.48	10,800
0.2	1.29	0.61	0.05	0.73	9,400
0.3	0.86	0.82	0.06	0.97	8,300
0.4	0.58	1.09	0.08	1.27	7,300
0.5	0.4	1.4	0.10	1.63	6,500
0.6	0.32	1.6	0.12	1.86	5,900

Peel believes that the deposit's small, high grade nature and proximity to excellent infrastructure and services bodes well for its future advancement/potential development. Due to the work commitments at the Mallee Bull prospect and Cobar Superbasin Prospects no work was completed at the Attunga Tungsten deposit or Attunga Copper Mine in 2016.

Corporate

Peel Mining Limited completed its Research & Development Tax Incentive application for activities undertaken by the Company during the year, as part of its annual tax return. Peel receive tax refunds under the scheme of \$ \$769,380 (before interest and costs).

Subsequent to the end of the year, Peel raised \$2,992,000 by way of placement of 18,700,000 new ordinary shares in the company, on the 19th September 2016.

Review of operations

Mineral Resource Estimation Governance Statement

The Mallee Bull Maiden Resource Estimate, the Apollo Hill and Attunga Resource Estimates remained unchanged from the Resources Estimate as at 30 June 2014

Peel Mining Ltd has ensured that the Mineral Resource Estimates are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken review of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, Peel Mining Ltd carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company.

The Mineral Resources for Apollo Hill and Attunga were compiled and reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2004 Edition, whilst the Mallee Bull Resource Estimate was completed in accordance with the JORC Code 2012 Edition.

The tables below set out Mineral Resources comparatives for 2015 and 2016.

Mineral Resource Statement

Mallee Bull Mineral Resource Estimate based on 1% copper equivalent (CuEq) cut-off grade

	Mineral Resource - as at 30 June 2016					Mineral Resource - as at 30 June 2015				
Category	Kt	CuEq	Cu %	Ag g/t	Au g/t	Kt	CuEq	Cu %	Ag g/t	Au g/t
Indicated	620	2.22	1.73	29.0	0.54	620	2.22	1.73	29.0	0.54
Inferred	3,300	2.8	2.4	32	0.3	3,300	2.8	2.4	32	0.3
Total	3,920	2.7	2.3	32	0.3	3,920	2.7	2.3	32	0.3

Note: The figures in the above table are rounded to reflect the precision of the estimates and include rounding errors.

Apollo Hill Inferred Mineral Resource Estimate based on a 0.5 g/t Au cut-off grade

	Mineral Resource - as at 30 June 2016			Mineral Resource - as at 30 June 2015		
Apollo Hill Gold Project	Mt	Au g/t	Koz	Mt	Au g/t	Koz
Ra Zone	1.2	1.1	42	1.2	1.1	42
Apollo Hill	16	0.9	463	16	0.9	463
Total	17.2	0.9	505	17.2	0.9	505

Note: The figures in the above table are rounded to reflect the precision of the estimates and include rounding errors.

Attunga Tungsten Deposit Inferred Mineral Resource Estimate based on a 0.2% WO₃equivalent cut-off

	Mineral Resource - as at 30 June 2016				Mineral Resource - as at 30 June 2015			
WO ₃ equivalent cut-off	Mt	WO ₃ Eq %	WO ₃ %	Mo %	Mt	WO ₃ Eq %	WO ₃ %	Mo %
0.2	1.29	0.73	0.61	0.05	1.29	0.73	0.61	0.05

Note: The figures in the above table are rounded to reflect the precision of the estimates and include rounding errors.

Competent Persons Statements

Mallee Bull

The information referred to in this announcement in relation to the Mallee Bull Resource Estimate is based on information compiled by Jonathon Abbott, a Competent Person who is a Member of the Australian Institute of Geoscientists. At the time of calculating the Resource Estimate Mr Abbott was a full time employee of MPR Geological Consultants Pty Ltd and is an independent consultant to Peel Mining Ltd. Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to

Review of operations

qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Mineral Resources and Ore Reserves'. Mr Abbott consented to the release of the matters based on his information in the form and context in which it appears.

Apollo Hill

The information in this report that relates to mineral resource estimation for Apollo Hill is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Hellman & Schofield was not required to review the quality or validity of the sampling data, as Peel Mining are accepting responsibility for these aspects of the estimates. Mr Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the validity/quality of the Apollo Hill sampling database and Apollo Hill exploration results, densities, cut off grades, potential for eventual economic extraction and comments on the resource estimates and project background is based on information compiled by Rob Tyson, who is a Member of The Australasian Institute of Mining and Metallurgy. Rob Tyson is a full-time employee of the company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Rob Tyson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Attunga Tungsten Deposit

The information referred to in this announcement in relation to the Attunga Resource Estimate is based on information compiled by Mr Murray Hutton, a Competent Person who is a Member of the Australian Institute of Geoscientists. At the time of calculating the Resource Estimate Mr Hutton was a full time employee of Geos Mining and was an independent consultant to Peel Mining Ltd. Mr Hutton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. Mr Hutton consented to the inclusion of the matters based on his information in the form and context in which it appears.

Peel Mining Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Rob Tyson who is a fulltime employee of the company. Mr Tyson is a member of the Australasian Institute of Mining and Metallurgy. Mr Tyson has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Tyson consents to the inclusion in this report of the matters based on information in the form and context in which it appears. Exploration results are based on standard industry practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures.

Schedule of tenements as at 30 June 2016

Project	Number	Holder	Peel Interest
New South Wales			
Attunga	EL8326	Peel Mining Ltd	100%
Ruby Silver	EL7711	Peel Mining Ltd	100%
Brambah	EL8336	Peel Mining Ltd	100%
Mayday	ML1361	Peel Mining Ltd	50%
Gilgunnia	EL7461	Peel Mining Ltd	50%
Gilgunnia South	EL7519	Peel Mining Ltd	100%
Mundoe	EL7976	Peel (CSP) Pty Ltd	100%
Tara	EL8070	Peel (CSP) Pty Ltd	100%
Manuka	EL8071	Peel (CSP) Pty Ltd	100%
Mirraboona	EL8105	Peel (CSP) Pty Ltd	100%
Yackerboon	EL8112	Peel (CSP) Pty Ltd	100%
Iris Vale	EL8113	Peel (CSP) Pty Ltd	100%
Hillview Nth	EL8125	Peel (CSP) Pty Ltd	100%
Norma Vale	EL8126	Peel (CSP) Pty Ltd	100%
Yara	EL8114	Peel (CSP) Pty Ltd	100%
Burthong	EL8115	Peel (CSP) Pty Ltd	100%
Illewong	EL8117	Peel (CSP) Pty Ltd	100%
Mundoe North	EL8201	Peel (CSP) Pty Ltd	100%
Sandy Creek	EL8307	Peel (CSP) Pty Ltd	100%
Glenwood	EL8314	Peel (CSP) Pty Ltd	100%
Pine Ridge	EL8345	Peel (CSP) Pty Ltd	100%
Gilgunnia North	EL8391	Peel Mining Ltd	100%
Mt Walton	EL8414	Peel Mining Ltd	100%
Marygold	EL8426	Peel Mining Ltd	100%
Lineara	EL8447	Peel Mining Ltd	100%
Western Australia			
27 Well	E40/0296	Apollo Mining Pty Ltd	100%
Bulyairdie	E40/0303	Apollo Mining Pty Ltd	100%
Isis	M39/0296	Apollo Mining Pty Ltd	100%
Apollo Hill South	E31/1063	Apollo Mining Pty Ltd	100%
The Gap	E40/337	Apollo Mining Pty Ltd	100%
Yerilla	E31/1075	Apollo Mining Pty Ltd	100%
Mt Remarkable	E31/1076	Apollo Mining Pty Ltd	100%
Apollo Hill ML	M31/486	Apollo Mining Pty Ltd	100%
Rise Again	E31/1087	Apollo Mining Pty Ltd	100%
Rise Again	P31/2068	Apollo Mining Pty Ltd	100%
Rise Again	P31/2069	Apollo Mining Pty Ltd	100%
Rise Again	P31/2070	Apollo Mining Pty Ltd	100%
Rise Again	P31/2071	Apollo Mining Pty Ltd	100%
Rise Again	P31/2072	Apollo Mining Pty Ltd	100%
Rise Again	P31/2073	Apollo Mining Pty Ltd	100%
Apollo Hill	E39/1198	Apollo Mining Pty Ltd	100%
Apollo Hill	E39/1236	Apollo Mining Pty Ltd	100%
Apollo Hill	P31/1797	Apollo Mining Pty Ltd	100%
Apollo Hill	P39/4586	Apollo Mining Pty Ltd	100%
Apollo Hill	P39/4587	Apollo Mining Pty Ltd	100%
Apollo Hill	P39/4588	Apollo Mining Pty Ltd	100%
Apollo Hill	P39/4589	Apollo Mining Pty Ltd	100%
Apollo Hill	P39/4590	Apollo Mining Pty Ltd	100%
Apollo Hill	P39/4591	Apollo Mining Pty Ltd	100%
Apollo Hill	P39/4592	Apollo Mining Pty Ltd	100%
Apollo Hill	P39/4677	Apollo Mining Pty Ltd	100%
Apollo Hill	P39/4678	Apollo Mining Pty Ltd	100%
Apollo Hill	P39/4679	Apollo Mining Pty Ltd	100%

The information in this report that relates to Exploration Results is based on information compiled by Mr Robert Tyson, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Tyson has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tyson consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Directors' report

Your directors present their report on the consolidated entity ("**Group**") comprising Peel Mining Limited ("**Company**") and the entities it controlled at the end of, or during the financial years ended 30 June 2016 and the comparative period.

Directors

The following persons were directors of Peel Mining Limited during the financial year and up to the date of this report.

Simon Hadfield

Graham Hardie

Robert Tyson

Directors' interests in shares and options

Directors' interests in shares and options as at the date of this report are set out in the table below.

<i>Director</i>	<i>Shares Directly and Indirectly Held</i>	<i>Options</i>
Simon Hadfield	3,812,564	500,000
Graham Hardie	15,422,890	500,000
Robert Tyson	7,080,000	1,000,000

Principal activities

The principal activity of the Group is the exploration for economic deposits of minerals. For the period of this report, the emphasis has been on base and precious metals.

Results

The loss for the Group for the financial year after providing for income tax amounted to \$345,277 (2015: \$1,725,638).

Dividends

No dividends were paid or proposed during the year.

Review of operations

A review of the operations of the Group during the financial year and the results of those operations are contained in pages 3 to 19 in this report.

Significant changes in the state of affairs

Contributed equity increased during the financial year by \$19,000 through the issue of:

- (i) 100,000 ordinary shares at \$0.19 each as part of the exercise of employee options as part of the company's employee share option plan.

Details of the changes in contributed equity are disclosed in note 14 to the financial statements.

The directors are not aware of any other significant changes in the state of affairs of the Group occurring during the financial year, other than disclosed in this report.

Events occurring after balance date

Peel Mining Limited raised \$2,992,000 (net of costs) by way of placement of 18,700,000 new ordinary shares in the company, on the 19th September 2016.

Other than the above, there were no events occurring after balance date requiring separate disclosure.

Likely developments and expected results

It is the Board's current intention that the group will seek to progress exploration on current projects. These activities are inherently risky and there are no certainties that the group will successfully achieve its objectives.

Directors' report

Information on directors

Simon Hadfield – *Non-Executive Chairman*

Mr Hadfield has more than 30 years company management experience and has held directorships in publicly-listed industrial and resource companies. Mr Hadfield is Managing Director of Resource Information Unit Pty Ltd and a director of RIU Conferences Pty Ltd. No other directorships were held in the past 3 years.

Mr Hadfield holds 3,812,564 shares in Peel Mining Limited and 500,000 share options with an exercise price of \$0.216.

Robert MacLaine Tyson B.App Sc(Geol).GradDip Applied Finance(SIA) – *Managing Director*

Mr Tyson is a geologist with more than 20 years resources industry experience having worked in exploration and mining-related roles for companies including Cyprus Exploration Pty Ltd, Queensland Metals Corporation NL, Murchison Zinc Pty Ltd, Normandy Mining Ltd and Equigold NL. Mr Tyson has more than five years of senior management experience. No other directorships were held in the past 3 years.

Mr Tyson holds 7,080,000 shares in Peel Mining Limited and 1,000,000 share options with an exercise price of \$0.07.

Graham Hardie FCA– *Non-Executive Director*

Mr Hardie is the principal of Hardie Finance Corporation, a private Perth-based property development company, and is also the principal of Entertainment Enterprises, a private Perth-based hospitality company. He is a Fellow of the Institute of Chartered Accountants and a former partner in a leading Chartered Accounting firm. He has extensive commercial and financial experience and has held board positions on a number of public companies in the mining, media, transport and retail industries. No other directorships were held in the past 3 years.

Mr Hardie holds 15,422,890 shares in Peel Mining Limited and 500,000 share options with an exercise price of \$0.216.

Ryan Woodhouse - *Company Secretary*

Mr Woodhouse has 9 years of experience in the mining and energy industries in the area of accounting and governance. He holds a Bachelor of Commerce from Curtin University and is a member of the Institute of Chartered Accountants.

Mr Woodhouse was appointed Company Secretary on 7 January 2015.

Meetings of directors

Director's attendance at directors meetings are shown in the following table:

<i>Director</i>	<i>Number held whilst in office</i>	<i>Number attended</i>
S Hadfield	9	9
G Hardie	9	9
R Tyson	9	9

Remuneration report (audited)

The remuneration report is set out under the following headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation and
- Additional information.

a) Principles used to determine the nature and amount of remuneration

The objective of the remuneration framework of Peel Mining Limited is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Company's remuneration policy.

Directors' report

Board and senior management

Fees and payments to the directors and other key management personnel reflect the demands which are made on, and the responsibilities of, the directors and the senior management. Such fees and payments are determined by the board and reviewed annually.

Company policy in relation to remunerating executives is that directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate fees of the non-executive directors has been fixed at a maximum of \$250,000 per annum to be apportioned among the non-executive directors in such a manner as they determine (refer below). Directors are also entitled to be paid reasonable travel, accommodation and other expenses incurred in consequence of their attendance at board meetings and otherwise in the execution of their duties as directors. Senior management are paid based on applicable market rates.

Remuneration is not linked to past Group performance but rather towards generating future shareholder wealth through share price performance. The board and management are issued share options in the company on a periodic basis as a means to link executive rewards to shareholder value.

Peel Mining Limited listed on 11 May 2007 at 20c per share and the share price at 30 June 2016 was 17c (2015: 27c). The Company has recorded a loss each financial year to date, except for 2014 during which it recorded a gain on the partial disposal of the Mallee Bull Project. No dividends have been declared or paid during the reporting period.

b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each of the directors of Peel Mining Limited and other key management personnel of the Group during the year ended 30 June 2016 are set out in the following table.

Table 1: Director and Key Management Personnel remuneration

	<i>Short-Term Employment Benefits</i>	<i>Post- Employment</i>	<i>Long-Term Benefits</i>	<i>Share Based Payment</i>		
	<i>Cash salary and fees</i>	<i>Superannuation</i>	<i>Long-service leave</i>	<i>Options</i>	<i>Total</i>	<i>Performance Related</i>
2016	\$	\$	\$	\$	\$	%
Directors						
R Tyson	229,004	21,755	28,761	12,080	291,600	0%
S Hadfield	50,000	4,750	-	45,410	100,160	0%
G Hardie	50,000	4,750	-	45,409	100,159	0%
Other Key Management Personnel						
Ryan Woodhouse ¹	110,000	10,500		13,399	133,899	0%
Total	439,004	41,755	28,761	116,298	625,818	0%

	<i>Short-Term Employment Benefits</i>	<i>Post- Employment</i>	<i>Long-Term Benefits</i>	<i>Share Based Payment</i>		
	<i>Cash salary and fees</i>	<i>Superannuation</i>	<i>Long-service leave</i>	<i>Options</i>	<i>Total</i>	<i>Performance Related</i>
2015	\$	\$	\$	\$	\$	%
Directors						
R Tyson	200,000	19,000	-	22,044	241,044	0%
S Hadfield	50,000	4,750	-	-	54,750	0%
G Hardie	50,000	4,750	-	-	54,750	0%
Other Key Management Personnel						
Ryan Woodhouse ¹	58,037	5,429	-	-	63,466	0%
D Lim ²	50,770	4,823	-	-	55,593	0%
Total	408,807	38,752	-	22,044	469,603	0%

1. Appointed as Company Secretary on 7 January 2015.

2. Ceased being Company Secretary on 7 January 2015.

Directors' report

c) Service agreements

Remuneration and other terms of employment for the directors and key management personnel, except those of non-executive directors are formalised in Employment Agreements or Letters of Offer. Details of the employment conditions for directors and key management personnel are set out below:

S Hadfield (non-executive chairman)

Mr Hadfield was appointed a director of the Company on 20 April 2006. Mr Hadfield has not entered into a formal contract with the Company in respect to his appointment as a non-executive director. Mr Hadfield received payments and benefits totalling \$100,160 (2015:\$ 54,750) in his role as a non-executive director of the Company.

G Hardie (non-executive director)

Mr Hardie was appointed a director of the Company on 24 February 2010. Mr Hardie has not entered into a formal contract with the Company in respect to his appointment as a non-executive director. Mr Hardie received payments and benefits totalling \$100,159 (2015:\$ 54,750) in his role as a non-executive director of the Company.

R Tyson (managing director)

Mr Tyson was appointed a director of the Company on 20 April 2006. Mr Tyson is employed as the Managing Director of the Company under an ongoing contract. The terms of his contract state:

- The managing director receives fixed remuneration of \$230,000 per annum gross, plus statutory superannuation guarantee.
- Either the managing director or the Company may terminate the employment at any time by giving one month written notice.
- If the Company terminates the employment the managing director will receive payment of five weeks pay.
- The managing director may be invited to participate in the Company's Employee Share Option Plan.
- If the Company terminates the employment of the managing director any active share options issued will be cancelled.

R Woodhouse (Company Secretary)

Mr Woodhouse was appointed company secretary of the Company on 7 January 2015. Mr Woodhouse is employed under a letter of employment with the Company as their financial controller, the terms of which state:

- The employee receives fixed remuneration of \$110,000 per annum gross, plus statutory superannuation guarantee.
- Either the employee or the Company may terminate the employment at any time by giving one month written notice.

d) Share-based compensation

Employees

Options over shares in Peel Mining Limited may be granted under the Company's Employee Share Option Plan which was created in June 2008 and approved by shareholders at the annual general meeting. The Employee Share Option Plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plan, participants are granted options 50% of which vest immediately and the remainder vest after twelve months provided the employee is still employed by the Company at the end of the vesting period. Participation in the plan is at the board's discretion.

Details of options over ordinary shares in the Company provided as remuneration to each director and key management personnel of Peel Mining Limited are set out below. When exercisable, each option is convertible into one ordinary share of Peel Mining Limited. Further information on the options is set out in note 25 to the financial statements.

Name	Value Granted		Number of options granted during year		Number of options vested during year	
	2016	2015	2016	2015	2016	2015
Directors						
Simon Hadfield	45,410	-	500,000	-	500,000	-
Graham Hardie	45,409	-	500,000	-	500,000	-
Rob Tyson		30,000	-	1,000,000	500,000	500,000
Ryan Woodhouse	16,000	-	200,000	-	100,000	20,000

Directors' report

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date have been determined using a Black-Scholes option pricing model that takes into account the exercise price, term of the option, impact of dilution, share price at grant date, price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option.

The terms and conditions of each grant of options existing at reporting date is as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value per Option at Grant Date
5 December 2014	5 December 2014 (50%) 5 December 2015 (50%)	4 December 2017	7 Cents	3 Cents
7 December 2015	7 December 2015 100%	7 December 2018	21.6 Cents	9 cents
19 October 2015	19 October 2015 (50%) 19 October 2016 (50%)	19 October 2018	19 cents	8 cents

No options were exercised by directors of Peel Mining Limited.

(e) Option holdings of key management personnel (KMP)

	Balance at the start of the year	Granted as compensation	Expired during year	Exercised	Other Change	Balance at end of the year	Vested and exercisable	Unvested
30 June 2016								
Directors								
R Tyson	2,000,000	-	1,000,000	-	-	1,000,000	1,000,000	-
S Hadfield	500,000	500,000	500,000	-	-	500,000	500,000	-
G Hardie	500,000	500,000	500,000	-	-	500,000	500,000	-
KMP								
R Woodhouse	-	200,000	-	-	-	200,000	100,000	100,000

(f) Share holdings of directors and key management personnel – Shares in Peel Mining Limited (number)

	Balance at 1 July 2015	Received during the year on the exercise of options	Other changes during the year	Balance at 30 June 2016
30 June 2016				
Directors				
G Hardie	15,422,890	-	-	15,422,890
R Tyson	7,080,000	-	-	7,080,000
S Hadfield	3,812,564	-	-	3,812,564
KMP				
R Woodhouse	200,000	-	-	200,000

	Balance at 1 July 2014	Received during the year on the exercise of options	Other changes during the year	Balance at 30 June 2015
30 June 2015				
Directors				
G Hardie	15,422,890	-	-	15,422,890
R Tyson	7,080,000	-	-	7,080,000
S Hadfield	3,812,564	-	-	3,812,564
KMP				
R Woodhouse	-	200,000	-	200,000

Directors' report

(g) Other transactions with directors and key management personnel

Simon Hadfield, is a director of Resource Information Unit Pty Ltd (RIU). RIU leases the Company office space and charges the Company lease fees on arm's length commercial terms on a monthly basis. Total fees charged to the Company by RIU for the year ended 30 June 2016 were \$63,501 (2015: \$59,760). During the year the Company participated in conferences organised by RIU Conferences Pty Ltd, to the value of \$13,860 (2015: \$17,380), a company of which Mr Hadfield is a director. These amounts are included in loss for the year within administration expenses and on the statement of financial position within trade and other payables at year end in relation to any unpaid amounts.

Aggregate amounts of each of the above types of "other transactions" with key management personnel of Peel Mining Limited:

Amounts recognised as expense	Consolidated	
	2016	2015
	\$	\$
Management fees	63,501	59,760
Conferences	13,860	17,380
	77,361	77,140

h) Additional information

Cash bonuses

No cash bonuses have been paid by the Company during the reporting period.

Share-based compensation: options

Other than options granted and exercised under the Employee Option Share Plan, as described in (d) above, there were no options issued to or exercised by directors of Peel Mining Limited or other key management personnel during the year.

Use of remuneration consultants

During the year ended 30 June 2016, the Group did not employ the services of a remuneration consultant to review its existing remuneration policies and to provide recommendations in respect of both executive short-term and long-term incentive plan design.

Voting and comments made at the Company's 2015 Annual General Meeting

Peel Mining Limited received more than 99% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Audited Remuneration Report

Directors' report

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
3 December 2014 (managing director)	4 December 2017	7 cents	1,000,000
19 October 2015	19 October 2018	19 cents	1,100,000
7 December 2015(non-executive directors)	7 December 2018	21.6 cents	1,000,000

No option holder has any right under the options to participate in any other share issue of the Company.

Shares issued on the exercise of options

Date of Exercise	Issue price of shares		Number of shares issued	
	2016 cents	2015 cents	2016 Number	2015 Number
31 July 2014		8		400,000
19 October 2016	19		100,000	

Indemnification and Insurance of Directors and Officers

During the financial year the Company paid a premium of \$11,125 (2015: \$13,594) to insure the directors and officers of the Group. The policy indemnifies each director and officer of the Group against certain liabilities arising in the course of their duties.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Environmental Regulation

The Group holds exploration licences and mining leases in Australia. These licences specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the respective jurisdiction's guidelines and standards. The Company is not aware of any significant breaches of the license condition.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included at the end of this financial report.

Auditor

During the year Peel Mining Limited appointed PricewaterhouseCoopers to take over the companies audit responsibilities under Division 6 of the Corporations Act 2001. They take over from BDO Audit (WA) Pty Ltd.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. Details of the fees paid to the auditor during the year can be found at note 16 of the notes to the consolidated financial statements.

This report is made in accordance with a resolution of the board of directors and signed for on behalf of the board by:



Rob Tyson

Managing Director
Perth, Western Australia
29th September 2016

Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2016

		Consolidated	
	Note	2016	2015
		\$	\$
Interest Revenue		51,281	82,574
Other income		423,398	90,909
Revenue and other income	3	474,679	173,483
Share-based remuneration to employees	15	(183,292)	(22,044)
Depreciation expense	9	(82,267)	(88,015)
Employee and directors' benefit expenses	4	(513,412)	(468,672)
Exploration expenditure written off	10	(145,309)	(5,011)
Administration expenses	4	(479,743)	(688,150)
Profit/(loss) before income tax		(929,344)	(1,098,409)
Income tax benefit (expense)	5	584,067	(627,229)
Profit/(loss) from continuing operations after income tax		(345,277)	(1,725,638)
Other comprehensive income		-	-
Total profit/(loss) and comprehensive income for the year attributable to the members of Peel Mining Limited		(345,277)	(1,725,638)
Basic Earnings/ (loss) per share for the year attributable to the members of Peel Mining Ltd	24	(0.002)	(0.013)
Diluted earnings/ (loss) per share for the year attributable to the members of Peel Mining Ltd	24	(0.002)	(0.013)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
as at 30 June 2016

		Consolidated	
	Note	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	6	1,859,028	2,974,741
Trade and other receivables	7	271,942	111,260
Total Current Assets		2,130,970	3,086,001
Non-Current Assets			
Security deposits	8	366,404	387,904
Property	9	840,487	840,487
Plant & equipment	9	171,272	188,323
Exploration assets	10	15,100,555	12,211,903
Total Non-Current Assets		16,478,718	13,628,617
Total Assets		18,609,688	16,714,618
Current Liabilities			
Trade and other payables	12	384,584	487,565
Total Current Liabilities		384,584	487,565
Non-Current Liabilities			
Deferred Income	13	3,636,415	909,658
Deferred Tax Liability	5	-	627,229
Total Non-Current Liabilities		3,636,415	1,536,887
Total Liabilities		4,020,999	2,024,452
Net Assets		14,588,689	14,690,166
Equity			
Contributed equity	14	18,002,700	17,942,191
Accumulated losses	15	(4,784,479)	(4,439,202)
Option reserve	15	1,370,469	1,187,177
Total Equity		14,588,689	14,690,166

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
for the year ended 30 June 2016

		Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
CONSOLIDATED					
Balance at 1 July 2014	Note	17,911,805	(2,713,564)	1,165,133	16,363,374
Loss for the year		-	(1,725,638)	-	(1,725,638)
Total comprehensive profit for the year	15	-	(1,725,638)	-	(1,725,638)
<i>Transactions with equity holders in their capacity as equity holders:</i>					
Issue of share capital	14	32,000	-	-	32,000
Share issue expenses	14	(1,614)	-	-	(1,614)
Share based payments	25	-	-	22,044	22,044
Balance at 30 June 2015		17,942,191	(4,439,202)	1,187,177	14,690,165
Loss for the year		-	(345,277)	-	(345,277)
Total comprehensive loss for the year	15	-	(345,277)	-	(345,277)
Issue of share capital	14	62,163	-	-	62,163
Share issue expenses	14	(1,654)	-	-	(1,654)
Share based payments	25	-	-	183,292	183,292
Balance at 30 June 2016		18,002,700	(4,784,749)	1,370,469	14,588,689

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
for the year ended 30 June 2016

		Consolidated	
	Note	2016	2015
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(984,495)	(1,119,377)
Management fee income		182,636	90,909
Interest received		50,803	90,499
Net cash outflow from operating activities	22	(751,056)	(937,969)
Cash flows from investing activities			
Payment for exploration expenditure		(3,742,930)	(2,665,365)
Transfer to security deposits		-	(40,000)
Transfer from security deposits		21,500	-
Payments for purchase of plant and equipment		(66,305)	(55,549)
Research and Development Tax Incentive		769,885	2,618,835
Proceeds as part of E&E asset farm-out		2,635,848	909,658
Net cash inflow/(outflow) from investing activities		(382,002)	767,579
Cash flows from financing activities			
Proceeds from issue of shares		19,000	32,000
Transaction costs of issue of shares		(1,654)	(1,614)
Net cash inflow from financing activities		17,346	30,386
Net increase (decrease) in cash and cash equivalents		(1,115,713)	(140,003)
Cash and cash equivalents at the start of year		2,974,741	3,114,744
Cash and cash equivalents at the end of year	6	1,859,028	2,974,741

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the financial statements for the Group which comprises Peel Mining Limited and its controlled entities at the end of, or during the financial years ended 30 June 2016 and the comparative period.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Peel Mining Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

New and amended standards adopted by the group

The accounting policies adopted are consistent with those of the previous financial year, other than the adoption of the following standards and amendments; AASB 2014-1 Amendments to Australian Accounting Standards; which came into effect for the annual reporting period commencing 1 July 2015. The adoption of these standards did not have any significant impact on the current period or any prior period and is not likely to affect future periods.

Comparative information

Certain comparative information has been restated to be present on a consistent basis with the current year's presentation.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Peel Mining Limited (the parent entity) and entities controlled during the year and at reporting date ("**Group**"). A controlled entity is any entity that the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Information from the financial statements of the controlled entities is included from the date the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the acquisition method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated except where costs cannot be recovered.

Investments in subsidiaries are carried at cost in the parent entity.

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

Peel Mining Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Details of joint operations are set out in note 27.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Revenue is recognised as the interest accrues using the effective interest rate method.

Management Fee

Peel Mining Limited receives a 10% management fee on all exploration expenses from Peel (CSP) Pty Ltd as the operator of the CSP Project, under the JOGMEC farm-in arrangement. The revenue is accrued when expenditure is incurred.

Notes to the consolidated financial statements

(d) Income tax

The income tax expense (or benefit) for the period is the tax payable (or refundable) on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. A deferred income tax asset is not recognised where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit and loss for the year.

(e) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset.

Nil impairment losses have been recognised for the year ending 30 June 2016 (2015: \$nil).

(f) Cash and cash equivalents

For statement of cash flows preparation purposes, cash and cash equivalents includes cash on hand and short term deposits held at call (other than deposits used as cash backing for performance bonds) with financial institutions. Any bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

(g) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised initially at fair value and subsequently at amortised cost less an allowance for any potentially unrecoverable amounts. An allowance for doubtful debts is made when there is objective evidence that the Group may not be able to collect the debts. The allowance for bad debts is recognised in a separate account. Bad debts are written off when identified.

(h) Other financial assets – security deposits

The Group classifies its financial assets as loans and receivables. Management determines the classification at initial recognition and where applicable re-evaluates this designation at the end of each reporting period. Loans and receivables are carried at amortised cost using the effective interest method. The Group assesses at the end of each financial period whether a financial asset is impaired.

Security deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(i) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(j) Plant and equipment

All assets acquired, including plant and equipment are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Depreciation on plant and equipment is calculated

Notes to the consolidated financial statements

using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives from the time the asset is held ready for use as follows:

- Plant	3-5 years
- Vehicles	3-5 years
- Office equipment	3-5 years
- Computer software	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is impaired.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(k) Property (Land held at cost)

Property, being interests in freehold land, is held at historical cost and is not depreciated as per the accounting standard.

(l) Exploration and evaluation expenditure

All exploration and evaluation expenditure is capitalised under AASB 6 Exploration for and Evaluation of Mineral Resources. Mineral interest acquisition costs and exploration and evaluation expenditure incurred is accumulated and capitalised in relation to each identifiable area of interest. These costs are only carried forward to the extent that the Group's right to tenure to that area of interest are current and either the costs are expected to be recouped through successful development and exploitation of the area of interest (alternatively by sale) or where areas of interest have not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active, and significant operations are undertaken in relation to the area of interest.

Amortisation is not charged on costs carried forward in respect of areas of interest in the exploration and evaluation phase or develop phase until production commences.

This policy has resulted in exploration expenditure of \$145,309 (2015: \$5,011) being written off during the year.

(m) Accounting for farmouts

The Group may enter into transactions whereby a third party ("**Farmee**") may earn a right to acquire an interest in assets owned by the Group by meeting certain obligations agreed to by both parties. As the terms of farm-ins are not generic management assess each agreement on a transaction by transaction basis and determines the appropriate accounting treatment based on the terms of the agreement.

CBH Resources Ltd ("CBH") farm-in agreement

On 18 July 2012, CBH and Peel Mining Ltd ("**Peel**") executed a farm-in agreement ("**FIA**") pursuant to which CBH could earn up to a 50% interest in certain exploration tenements held by Peel. Under the terms of this agreement Peel incurred expenses in relation to the farm-in and CBH contributed to these expenses.

Based on the terms of the FIA Peel applied the following accounting policy during the current reporting period.

- Exploration expenditure incurred by Peel in relation to the FIA is capitalised in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.
- Contributions by CBH pursuant to the FIA, are initially classified as deferred income until such time as CBH fail to earn an interest in the tenements or elected to have an interest in the tenements vest. At this point in time the deferred income is considered earned and transferred to Other Income in the calculation of profit or loss for the period.
- Should CBH earn a vested interest in the tenements, Peel transfers to profit or loss a corresponding proportion of the costs capitalised by the Company over the life of the project, in order to calculate the gain or loss on the disposal that has occurred.

Japan Oil Gas and Metals National Corporation ("JOGMEC") farm-in agreement

On 30 September 2014, JOGMEC and Peel executed a Memorandum of Agreement ("MoA") pursuant to which JOGMEC could earn up to a 50% interest in certain exploration tenements held by Peel. Under the terms of this agreement a wholly owned subsidiary of Peel incurred expenses in relation to the farm-in and JOGMEC contributed to these expenses by way of cash call. Based on the terms of the agreement Peel, will account for the MoA as per its policy and the agreement with CBH, except the Management Fee of 10% on all expenditure, which is accrued as expenditure is made.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually payable within 30 days of invoice. They are recognised initially at fair value and subsequently at amortised cost.

Notes to the consolidated financial statements

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity acquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) are recognised directly in equity.

(p) Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the Lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the liability. Finance charges are charged directly to the statement of profit or loss and other comprehensive income.

Operating lease payments are recognised as an expense when incurred.

(r) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and leave entitlements that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to balance date and are measured at the amounts expected to be paid when the liabilities are settled.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable is included as a current asset in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from the taxation authority are classified as operating cash flows.

(t) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief decision maker has been identified as the board of directors.

(u) Share Based Payments

Share-based compensation benefits to directors, employees and consultants are provided at the discretion of the board.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the recipient becomes unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, term of the option, share price at grant date expected price volatility of the underlying share, expected dividend yield and the risk free interest rate for the term of the option.

(v) Research and Development Tax Incentive Grant

Peel accounts for funds received from the ATO under the Research and Development (R&D) Tax Incentive Scheme as an offset to the Exploration and Evaluation asset, where the initial expenses to which it relates were capitalised.

Notes to the consolidated financial statements

(w) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments – (Effective date 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the financial instruments standard.

The application of the standard at the operative date is not expected to have a significant impact on the group's accounting for financial assets and liabilities.

AASB 15 Revenue from Contracts with Customers – (Effective date 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the impact of the new rules. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next 12 months.

AASB 16 Leases – (Effective date 1 January 2019)

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make a more detailed assessments of the impact over the next twelve months.

There are no other standards that are not yet effective and that are expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

(x) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

The Company makes estimates and judgements in applying the accounting policies. Critical judgements in respect of accounting policies relate to exploration assets, where exploration expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of any exploration assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Capitalisation and carrying amount of capitalised mining and exploration licences

Mining and exploration leases acquired are carried in the consolidated statement of financial position at cost. The directors have determined that the carrying value is appropriate.

Share-based payment transactions

The Group measures the cost of equity-settled share-based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined using a Black-Scholes model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Impairment of capitalised exploration and evaluation expenditure

It is the Group's policy to capitalise costs relating to exploration and evaluation activities. The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

Income tax expenses and deferred tax

Notes to the consolidated financial statements

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Refer to note 5 for the current recognition of tax losses.

2. Financial Risk Management

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group manages its credit risk on financial instruments, including cash, by only dealing with banks licensed to operate in Australia and credit ratings of AA.

Trade and other receivables

The Group operates in the mining exploration sector and does not have trade receivables from customers. It does however have credit risk arising from other receivables.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

Carrying amounts	Note	Consolidated	
		2016 \$	2015 \$
Cash and cash equivalents	6	1,859,028	2,974,741
Trade and other receivables	7	271,942	111,260
Security Deposits	8	366,404	387,904

Impairment losses

None of Group's other receivables are past due. At 30 June 2016 the Group does recognise an impairment on a receivable from its joint venture partner in relation to expenses paid for by the Company in relation to the Mallee Bull tenement.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically the Group ensures it has sufficient cash on hand to meet expected operational expenses for a period of 6 months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

	Consolidated		
	Carrying Amount \$	Contractual Cash flows \$	6mths Or less \$
30 June 2016			
Trade and other payables	384,584	384,584	384,584
30 June 2015			
Trade and other payables	487,565	487,565	487,565

Notes to the consolidated financial statements

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of managing market risk is to manage and control market risk exposures to within acceptable limits, while optimising returns. The Group does not have any risks associated with foreign exchange rates or equity prices.

Interest rate risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the costs of floating rate debt or opportunity losses that may arise on fixed rate borrowings in a falling interest rate environment. The Group does not have any borrowings and is, therefore, not exposed to interest rate risk in this area. Cash and cash equivalents at variable rates exposes the Group to cashflow interest rate risk. The Group is not exposed to fair value interest rate risk as all of its financial assets and liabilities are carried at amortised amount.

Profile

At the reporting date the interest rate profile of the consolidated entity's interest-bearing financial instruments was:

	Variable Average Interest Rate	Consolidated	
		Carrying Amount	
		2016 \$	2015 \$
Variable rate instruments			
Short term cash deposits	2.00%	1,859,028	2,974,741

Cash flow sensitivity analysis for variable rate instruments of the consolidated entity

At 30 June 2016 if interest rates had changed +/- 100 basis points from year end rates with all other variables held constant, equity and post-tax loss would have been \$18,590 lower (2015: \$29,747).

Fair values

The carrying values of all financial assets and financial liabilities, as disclosed in the Statement of Financial Position, approximate their fair values.

	2016 \$	Consolidated 2015 \$
3. Revenue & Other Income		
Interest		
Interest revenue	51,281	82,574
Other Income		
Operator management fee income	272,645	90,909
Doubtful Debt Recovery	137,499	-
Other Income	13,224	-
Total	423,368	90,909
4. Expenses		
Loss before income taxes includes the following specific expenses:		
Employees and director's benefit expenses		
Employee costs	324,746	331,241
Directors fees	100,000	100,000
Superannuation	88,666	37,431
	513,412	468,672
Administration expenses		
Corporate	364,835	331,241
Consultants	114,908	-
Bad debt expense	-	274,998
	479,743	606,239
5. Income tax		
Income tax expense		
Current tax	-	-
Deferred tax	(584,067)	627,229
Numerical reconciliation of income tax to prima facie tax payable:		
Profit/(loss) from continuing operations before income tax	(929,344)	(1,098,410)
At the statutory income tax rate of 30% (2015: 30%)	(278,803)	(329,523)

Notes to the consolidated financial statements

Expenditure not allowed for income tax purposes:

Non-deductible expenses	58,956	2,884
Reduced prior year tax losses from current year R&D refund	-	1,745,890
Benefit of tax losses and timing differences not previously recognised	(508,656)	(792,022)
Tax losses not brought to account	144,436	-
Income tax expense reported in the statement of profit and loss and other comprehensive income	(584,067)	627,229

Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:

Deferred tax: share issue costs recognised through equity	(43,163)	-
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The Group has total carried forward tax losses arising in Australia of \$10,941,653 (2015: \$9,360,683) available for offset against future assessable income of the Group. The deferred tax asset in respect of these losses has been used to offset a deferred tax liability. The net deferred tax asset attributable to the residual tax losses of \$481,453 has not been brought to account until convincing evidence exists that assessable income will be earned of a nature and amount to enable such benefit to be realised.

Deferred taxes: the balance comprises temporary differences attributable to:

DTA – Deferred income	1,090,925	300,170
DTA – Provision for doubtful debts	41,250	-
DTA – Employee benefits	58,574	5,885
DTA – Other	21,079	-
DTL – Exploration & Evaluation	(4,344,167)	(3,690,844)
DTL – Other Timing Differences	(5,721)	(50,645)
	(3,138,060)	(3,435,434)
DTA – Tax Losses	3,138,060	2,808,205
Net deferred tax liability	-	(627,229)

6. Cash & Cash Equivalents

Cash at bank and in hand	359,028	124,741
Term deposits with financial institutions	1,500,000	2,850,000
	1,859,028	2,974,741

Refer to Note 2 for the policy on financial risk management

7. Trade and other receivables

	\$	\$
Receivable from JV Partner	202,719	305,190
Provision for doubtful debt	(137,499)	(274,998)
GST recoverable from taxation authority	87,788	43,148
Accrued income	90,517	-
Prepayments	28,417	37,920
	271,942	111,260

Refer to Note 2 for the policy on financial risk management

8. Receivables (Non-current)

Security deposits in relation to exploration tenements	366,404	387,904
	366,404	387,904

9. Property, Plant & Equipment

<i>Property</i>		
Freehold land (at cost)	840,487	840,487
<i>Plant and equipment</i>		
Depreciating plant and equipment	574,415	509,199
Less accumulated depreciation	(403,143)	(320,876)
	171,272	188,323
Total property, plant and equipment	1,011,759	1,028,810

Notes to the consolidated financial statements

Reconciliation

Carrying amount at beginning of year	1,028,810	1,061,276
Additions	66,305	55,549
Depreciation expense	(82,267)	(88,015)
Disposals	(1,089)	-
Closing balance	1,011,759	1,028,810

10. Exploration assets

At cost	15,100,555	12,211,903
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Reconciliation

Opening balance	12,211,903	12,446,494
Acquisition of exploration lease	40,000	-
Other exploration expenditure	3,763,343	2,389,255
Impairment Expense	(145,309)	(5,011)
Research and development tax incentive grant	(769,383)	(2,618,835)
Closing balance	15,100,555	12,211,903

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

11. Subsidiary companies

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity holding 2016 %	Equity holding 2015 %
Peel Environmental Services Limited	Australia	Ordinary	100	100
Apollo Mining Pty Ltd	Australia	Ordinary	100	100
Peel (CSP) Pty Ltd	Australia	Ordinary	100	100

Consolidated

	2016 \$	2015 \$
12 Trade and other payables		
Trade payables	174,805	363,948
Accrued expenses & other payables	209,779	123,617
	384,584	487,565

13. Deferred Income

Funds from farm-out of asset to JOGMEC ^(a)	3,636,415	909,658
Total Deferred Income	3,363,415	909,658

(a) During the year, Peel Mining Limited continued with its farm-in arrangement with Japanese Oil, Gas & Metals National Corporation (JOGMEC) into the Group's Cobar Superbasin Project (CSP). This saw JOGMEC pay the Group \$2,999,433 for exploration on the project and management fees as part of their \$4,000,000 earn-in over 3 years to acquire a 40% of the project. Post this requirement being met and audited, JOGMEC can spend an additional \$3,000,000 to earn another 10%, bringing them to 50% ownership of the project. These amounts have been included in the Group's Consolidated Statement of Cashflows and Consolidated Statement of Financial Position, however per the Group's accounting policy (see note 1(m)), the contributions are recorded as deferred income, which will offset the capitalised expenditure incurred resulting in no gain or loss recognised (net effect) until the point in which the interest is taken up. Currently cash held by Peel Mining Limited of \$182,437 is restricted to be used on the Cobar Superbasin Project under JOGMEC's farm-in arrangement.

14. Contributed Equity

(a) Share capital

	Consolidated and Parent Entity			
	2016		2015	
	Number of Shares	\$	Number of Shares	\$
Ordinary shares fully paid	132,585,969	17,959,537	132,485,969	17,942,191

(b) Movements in ordinary share capital

Opening balance, 1 July	132,485,969	17,942,191	132,085,969	17,911,805
Shares issued as result of exercise of options	100,000	19,000	400,000	32,000
Transaction costs on share issues	-	(1,654)	-	(1,614)
Adjustments to share issue costs and related tax	-	43,163	-	-
Closing balance, 30 June	132,585,969	18,002,700	132,485,969	17,942,191

Notes to the consolidated financial statements

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

Information relating to options issued during the year is set out in note 25.

(e) Capital risk management

In employing its capital the Company seeks to ensure that it will be able to continue as a going concern and in time provide value to shareholders by way of increased market capitalisation and/or dividends. In the current stage of its development, the Company has invested its available capital in acquiring and exploring mining tenements. As is appropriate at this stage, the Company is funded entirely by equity. As it moves forward to develop its tenements towards production, the Company will adjust its capital structure to support its operational and strategic objectives, by raising additional capital or taking on debt, as is seen to be appropriate from time to time given the overriding objective of creating shareholder value. In this regard, the board will consider each step forward in the development of the Company on its merits and in the context of the then capital markets, in deciding how to structure funding arrangements.

	Consolidated	
	2016	2015
	\$	\$
15. Reserves and accumulated losses		
<i>(i) Accumulated losses</i>		
Opening balance	(4,439,202)	(2,713,564)
Loss for the year	(345,277)	(1,725,638)
Closing balance	(4,784,479)	(4,439,202)
<i>(ii) Share-based payments reserve</i>		
Opening balance	1,187,177	1,165,133
Option expenses (employee options)	183,292	22,044
Closing balance	1,370,469	1,187,177

Nature and purpose of reserve

The share-based payment reserve represents the fair value of equity benefits provided to directors and employees as part of their remuneration for services provided to the Company paid for by the issue of equity.

Share options and reserve movements

	2016		2015	
	Options	\$	Options	\$
Opening balance	3,500,000	1,187,177	3,180,000	1,165,133
Expired during year				
Issued to employees and contractors	2,200,000	183,292	1,000,000	22,044
Lapsed	(2,500,000)	-	(280,000)	-
Exercised	(100,000)	-	(400,000)	-
Closing balance,	3,100,000	1,370,469	3,500,000	1,187,177
Exercisable at 7 cents each on or before 4 December 2017	1,000,000	-	1,000,000	-
Exercisable at 50 cents each on or before 28 November 2015		-	2,500,000	-
Exercisable at 19 cents each on or before 19 October 2018	1,100,000	-	-	-
Exercisable at 21.6 cents each on or before 7 December 2018	1,000,000	-	-	-
	3,100,000		3,500,000	

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value (note 25).

Notes to the consolidated financial statements

16. Remuneration of Auditors

	Consolidated	
	2016	2015
	\$	\$
Amounts paid or due and payable to the PricewaterhouseCoopers Audit and other assurance services Auditing and reviewing financial reports Other assurance services*	48,600 - -	- 2,244 2,244
	48,600	2,244
Taxation services	-	-
Indirect taxation services	65,283	254,834
Total	65,283	254,834
Amounts paid or due and payable to firms other than PricewaterhouseCoopers		
Auditing and reviewing financial reports	-	41,722
Other assurance services	-	12,224
Total	-	53,946

* Relates to review of farm-in expenditure during the 2015 year.

17. Contingencies

The Group had no contingent assets or liabilities as at 30 June 2016 (2015: Nil).

18. Commitments and contingencies

	Consolidated	
	2016	2015
	\$	\$
Operating lease commitments		
Within one year	-	-
Later than a year but not later than five years	-	-
Later than five years	-	-

Operating lease commitments – Peel Mining Limited as lessee

The Company has entered into a commercial property lease agreement for its Perth office, which has been on a month-by-month basis since July 2014.

Exploration commitments

Under the terms of mineral tenement licences held by the Group, minimum annual expenditure obligations are required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. This expenditure may be subject to variation from time to time in accordance with the relevant state department's regulations. The Group may at any time relinquish tenements and as such avoid the requirement to meet applicable expenditure requirement, or may seek exemptions from the relevant authority.

Expenditure commitments at the reporting date but not recognised as liabilities are as follows:

	Consolidated	
	2016	2015
	\$	\$
Within one year	2,199,240	1,576,140
Later than a year but not later than five years	-	-
Later than five years	-	-

19. Segment information

Management has determined that the Group has three reportable segments, being mineral exploration under its joint venture with CBH Resources Limited at its Mallee Bull prospect, mineral exploration under its farm-in agreement with JOGMEC and the other being all other mineral exploration within Australia. The Group is focused only on mineral exploration and the Board monitors the Group based on actual versus budgeted exploration expenditure incurred for these three areas. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Notes to the consolidated financial statements

Decisions regarding the Mallee Bull joint venture is also taken into account by the board, however exploration decisions are made by the Joint Venture committee, which is made up of members from both Peel Mining Limited and CBH Resources Limited.

	2016 \$ Peel	2016 \$ CSP	2016 \$ Mallee Bull	2016 Total
Revenue from external sources				
Reportable segment profit/(loss)	264,865	-	-	264,865
Segment assets	8,248,207	3,878,090	3,986,016	16,112,313
	2015 \$ Peel	2015 \$ CSP	2015 \$ Mallee Bull	2015 Total
Revenue from external sources	-			
Reportable segment (loss)	(93,026)	-	-	(93,026)
Segment assets	8,367,096	909,658	3,688,962	12,965,716

Reconciliation of reportable segment (loss)

	Consolidated	
	2016 \$	2015 \$
Reportable segment profit/ (loss)	264,865	(93,026)
Interest & Other income	64,505	173,483
Unallocated expenses	(1,258,714)	(1,178,866)
Profit/(loss) before tax	(929,344)	(1,098,409)

Reconciliation of reportable segment (assets)

	2016	2015
Reportable segment assets	16,112,314	12,965,716
Cash	1,859,028	2,974,741
Unallocated Assets	638,346	774,161
Unallocated liabilities	(4,020,999)	(2,024,452)
Total Net Assets	14,588,689	14,690,166

20. Related Parties

	2016 \$	2015 \$
(a) Compensation of key management personnel		
Short-term employee benefits	439,004	408,807
Post-employment benefits	41,755	38,752
Long-term benefits	28,761	-
Share-based payments	116,298	22,044
	625,818	469,603

(b) Other transactions with key management personnel

Simon Hadfield, is a director of Resource Information Unit Pty Ltd (RIU) and RIU Conferences Pty Ltd. RIU leases office space to the Company and charges rental lease fees on arm's length commercial terms on a monthly basis. Total fees charged to the Company by RIU for the year ended 30 June 2016 were \$63,501 (2015: \$59,760). During the year the Company participated in conferences, to the value of \$13,860 (2015: \$17,380) organised by RIU Conferences Pty Limited. These amounts are included in losses for the year within administration expenses.

Aggregate amounts of each of the above types of "other transactions" with key management personnel of Peel Mining Limited:

	Consolidated	
Amounts recognised as expense	2016 \$	2015 \$
Management fees	63,501	59,760
Conferences	13,860	17,380
	77,361	77,140

Notes to the consolidated financial statements

21. Events after the reporting period

Peel Mining Limited conducted a capital raising post reporting date, which raised \$2,992,000 (net of costs) via placement of 18,700,000 new ordinary shares to an institutional and sophisticated investors on 19 September 2016. No fees were incurred as part of the capital raising.

Other than above no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

22. Reconciliation of cash flows from operating activities to loss after income tax

	Consolidated	
	2016	2015
	\$	\$
Net cash outflow from operating activities	(751,056)	(937,969)
Adjustments for		
Share-based payments	(183,292)	(22,044)
Depreciation	(82,267)	(88,015)
Exploration expenditure written off	(145,309)	(5,011)
Reversal of Doubtful Debt	137,499	9,119
Adjustments to share issue costs and related tax	(43,163)	-
Change in Deferred Tax Liability	627,229	(627,229)
Change in operating assets and liabilities		
Decrease in receivables	(7,899)	(67,605)
Decrease in payables	102,980	13,116
Profit/(loss) after income tax	(345,277)	(1,725,638)

23. Non-cash investing and financing activities

No non-cash investing and financing activities were undertaken during the year (2015: nil).

24. Earnings/(Loss) per share

	Consolidated	
	2016	2015
Basic earnings/(loss) per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.002)	(0.013)
Diluted earnings/(loss) per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.002)	(0.013)
Reconciliation of profit/loss used in calculation of loss per share		
Loss used in calculating basic loss per share	(345,277)	(1,725,638)
	Consolidated	
	Number of Shares 2016	Number of Shares 2015
Weighted average number of shares used as the denominator		
Weighted average number of shares used in calculating basic earnings/loss per share	132,555,832	132,453,002
Adjustments for calculation of diluted earnings/loss per share		
Options	135,585,969	135,953,002

Effect of dilutive securities

Options on issue at reporting date could potentially dilute earnings per share in the future. The effect in the current year is to reduce the loss per share hence they are considered anti-dilutive. Accordingly the diluted loss per share has not been disclosed.

25. Share-based payments

(a) Share-based payment expenses

During the year the Company has granted options to employees through its employee share option plan (ESOP).

Total expenses arising from share-based payment transactions recognised in the profit and loss during the year were as follows:

Notes to the consolidated financial statements

		Consolidated	
	2016 Number	2016 \$	2015 Number \$
Options granted to employees	1,200,000	80,393	-

(b) Director options

Set out below are summaries of director's options granted

		Consolidated	
	2016 Number	2016 \$	2015 Number \$
Options granted to directors	1,000,000	102,899	1,000,000 22,044

30 June 2016

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Expired during the year	Exercised during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
18 Dec'12	28 Nov'15	\$0.50	2,500,000	-	2,500,000	-	-	-
5 Dec'14	4 Dec'17	\$0.07	1,000,000	-	-	-	1,000,000	1,000,000
7 Dec'15	7 Dec'18	\$0.216	-	1,000,000	-	-	1,000,000	1,000,000

30 June 2015

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Expired during the year	Exercised during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
18 Dec'12	28 Nov'15	\$0.50	2,500,000	-	-	-	2,500,000	2,500,000
5 Dec'14	4 Dec'17	\$0.07	-	1,000,000	-	-	1,000,000	500,000

Fair value of options granted

The assessed fair value at grant date of options granted to directors during the period ended 30 June 2016 was 9 cents per option (2015: 3 cents). The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the years ended 30 June 2016 and 2015 included:

	2016	2015
Recipient	Non-exec Director Options	Managing Director Options
Options are granted for no consideration and vest accordingly	100% vest immediately	50% vest immediately 50% vest in one year from grant date
Exercise Price	21.6 cents	7 cents
Grant Date	7 December 2015	5 December-14
Expiry Date	7 December 2018	4 December-17
Share Price at Grant Date	16 cents	5 cents
Expected Price Volatility	100%	100%
Expected Dividend Yield	0.00%	0.00%
Risk-free interest rate	2.19%	2.36%

(c) Employee share option plan

An employee share option plan, designed to provide long-term incentives for senior employees to deliver long-term shareholder returns, was established in June 2008. The plan was approved by shareholders at annual general meeting. Under the plan, participants are granted options of which 50% are vested immediately and the remainder after 12 months employment with the Company.

Notes to the consolidated financial statements

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share at an exercise price of 19 cents.

Set out below are summaries of options granted under the plan.

30 June 2016

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
19 Oct'15	19 Oct'18	\$0.19	-	1,200,000	100,000	-	1,100,000	500,000

Fair value of options granted

Fair value of options granted

The assessed fair value at grant date of options granted to employees during the period ended 30 June 2016 was 8 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. No options were granted during the 2015 period.

The model inputs for options granted during the year ended 30 June 2016 included:

	Employee Options	
	2016	2015
Options are granted for no consideration and vest accordingly	50% vest immediately 50% vest in one year from grant date	-
Exercise Price	19 cents	-
Grant Date	19 October 2015	-
Expiry Date	19 October 2018	-
Share Price at Grant Date	14 cents	-
Expected price volatility	100%	-
Expected dividend yield	0.00%	-
Risk-free interest rate	1.82%	-

30 June 2015

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
12 Sept'13	30 Jun'15	\$0.50	280,000	-	-	(280,000)	-	-
11 Jul'12	31 Jul'14	\$0.08	400,000	-	(400,000)	-	-	-

(d) Acquisition – Share based payment

Peel Mining Limited made no acquisitions using share based payments during the year.

(e) Weighted averages – Options

The weighted average exercise price \$0.16 (2015: \$0.45).

The weighted average fair value of options is \$0.07 (2015: \$0.19).

The weighted average remaining contractual life is 2.07 years (2015: 1.21 years).

Notes to the consolidated financial statements

26. Parent entity information

	Parent entity	
	2016	2015
	\$	\$
Statement of financial position		
Current assets	1,902,543	3,251,837
Total assets	13,969,787	14,864,164
Current liabilities	(304,393)	(470,063)
Total liabilities	(307,343)	(473,013)
Net assets	13,662,445	14,391,151
Equity		
Issued capital	17,959,537	17,942,191
Share option reserve	1,370,469	1,187,177
Accumulated losses	(5,667,563)	(4,738,217)
Total equity	13,662,445	14,391,151
Statement of profit or loss and other comprehensive income		
Interest Revenue	51,281	82,574
Other income	423,398	90,909
Comprehensive loss for the year	(201,752)	(1,725,638)
Total comprehensive loss for the year	(201,752)	(1,725,638)

Commitments for the parent entity are the same as those for the consolidated entity and are set out in note 18.
The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at year end.

27. Interests in other entities

Peel Mining Limited has a 50% interest in a joint arrangement called the Mallee Bull Joint Venture which was formed after CBH Resources Limited completed their 50% earn-in to the Mallee Bull Project on 27th March 2015. The joint venture agreement in relation to the Mallee Bull Joint Venture require unanimous consent from all parties for all relevant activities. The two joint venture parties own the assets of the joint venture as tenants in common and their interest in assets and liabilities are several, separate and distinct.

This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Peel Mining Limited is currently in a farm-in arrangement, through its wholly owned subsidiary Peel (CSP) Pty Ltd, with JOGMEC. JOGMEC is earning the right to a 50% interest in the tenements held by Peel (CSP) Pty Ltd through funding exploration expenditure. If JOGMEC decided to take up their interest at this point a joint arrangement is formed between the parties, in relation to the Cobar Superbasin Project, which requires unanimous consent from all parties for all relevant activities. The parties to the joint arrangement will own the assets of the joint arrangement as tenants in common and their interest in assets and liabilities are several, separate and distinct. If this is to occur the entity is would be classified as a joint operation and the Group would recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Directors' declaration

The board of directors of Peel Mining Limited declares that:

- (a) the financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements ; and
 - (ii) give a true and fair view of the financial position as at 30 June 2016 and performance for the financial year ended on that date of the consolidated entity.
- (b) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- (c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (d) the board of directors have been given the declaration by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:



Rob Tyson

Managing Director
Perth, Western Australia
29th September 2016



Auditor's Independence Declaration

As lead auditor for the audit of Peel Mining Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Peel Mining Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Ben Gargett', written over a light blue horizontal line.

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
29 September 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
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Independent auditor's report to the members of Peel Mining Limited

Report on the financial report

We have audited the accompanying financial report of Peel Mining Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Peel Mining Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Auditor's opinion

In our opinion:

- (a) the financial report of Peel Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 22 to 26 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Peel Mining Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that appears to read 'B. Gargett'.

Ben Gargett
Partner

Perth
29 September 2016

Additional ASX information

ASX BEST PRACTICE RECOMMENDATIONS

This statement outlines the main corporate governance practices that were formally in place from 15 September 2014 onwards. These corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

BOARD OF DIRECTORS

The Board operates in accordance with the broad principles set out in its charter, which is available from the corporate governance information section of the Company website at www.peelmining.com.au.

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

1. **Strategy** - Providing strategic guidance to the Company, including contributing to the development of and approving the corporate strategy;
2. **Financial performance** - Approving budgets, monitoring management and financial performance;
3. **Financial reporting and audits** - Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the external auditors;
4. **Leadership selection and performance** - Appointment, performance assessment and removal of the Managing Director. Ratifying the appointment and/or removal of other senior management, including the Company Secretary and other Board members;
5. **Remuneration** - Management of the remuneration and reward systems and structures for Executive management and staff;
6. **Risk management** - Ensuring that appropriate risk management systems and internal controls are in place; and
7. **Relationships with the exchanges, regulators and continuous disclosure** - Ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with shareholders.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the board. All directors have direct access to the Company Secretary.

The Board has delegated to management responsibility for the day-to-day operation and administration of the Company is delegated by the board to the Managing Director. The Board ensures that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive directors.

The roles of Chairman and Managing Director are not combined. The Managing Director is accountable to the Board for all authority delegated to the position.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval and monitoring of a strategic plan;
- approval of annual and semi-annual budgets and monitoring actual performance against budget; and
- procedures are in place to incorporate presentations to each Board meeting by financial and operations management.

COMPOSITION OF THE BOARD

The names, skills, experiences and period of office of the Directors of the Company in office at the date of this Statement are set out in the Director's Report. A summary of these skills and experiences are provided in table 1.

The composition of the Board is determined using the following principles:

- Persons nominated as Non-executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as Executive Directors must be of sufficient stature and security of employment to express independent views on any matter.

Additional ASX information

- The Chairperson should ideally be independent, but in any case be Non-executive and be elected by the Board based on his/her suitability for the position.
- The roles of Chairperson and Managing Director should not be held by the same individual.
- All Non-executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the Company.
- The Company considers that the Board should have at least three Directors (minimum required under the Company's Constitution) and to have a majority of independent Directors but acknowledges that this may not be possible at all times due to the size of the Company. Currently the Board has three Directors, with only Mr Hadfield as independent. The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.

The Board has accepted the following definition of an independent Director:

An independent Director is a Director who is not a member of management (a Non-executive Director) and who:

- holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

Table 1: Skills and Experience Matrix of Peel Mining Limited's Directors

Area	Competence
Business and Finance	Accounting, Tax, Business Strategy, Corporate Financing, Financial Literacy, Agreements/Fiscal Terms and Risk Management
Leadership	Business Leadership, Executive Management and Mentoring, Public Listed Company Experience
Sustainability & Stakeholder	Community Relations, Corporate Governance, Environmental Issues, Government Affairs, Health & Safety, Human Resources, Industrial Relations and Remuneration
Industry Specific (Australia)	Precious Metals – Exploration & Production, Base Metals – Exploration & Production, Mining & Resources

The directors on the Board collectively have a combination of skills and experience in the competencies set out in the table above. These competencies are set out in the skills matrix that the Board uses to assess the skills and experience of each director and the combined capabilities of the Board. Where an existing or projected competency gap is identified, the Board will address those gaps. The Board does not currently consider that there are any existing or projected competency gaps.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

NOMINATION COMMITTEE / APPOINTMENT OF NEW DIRECTORS

Because of the size of the Company and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.

Additional ASX information

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Non-executive directors do not have written agreements setting out the key terms and conditions of their appointment because the Company's constitution and the ASX Listing Rules govern the term of each director's appointment. Directors are required to retire by rotation. Common law and the Corporations Act govern the duties of directors and members are required to approve the maximum fees paid to non-executive directors. Executive directors enter into an employment agreement which governs the terms of their appointment.

The Board undertakes appropriate checks prior to nominating a director for election by shareholders. These checks include a police and reference checks. Shareholders are provided with all material information in its possession concerning a director standing for election or re-election in the relevant notice of meeting.

An informal induction is provided to all new directors, which includes meeting with technical and financial personnel to understand Peel Mining Limited's business, including strategies, risks, company policies and health and safety.

All directors are required to maintain professional development necessary to maintain their skills and knowledge needed to perform their duties. In addition to training provided by relevant professional affiliations of the directors, additional development is provided through attendance at seminars and provision of technical papers on industry related matters and developments offered by various professional organisations, such as accounting firms and legal advisors.

TERM OF OFFICE

Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

PERFORMANCE OF DIRECTORS AND MANAGING DIRECTOR

The performance of all Directors, the Board as a whole and the Managing Director and Company Secretary is reviewed annually.

The Board meets once a year with the specific purpose of conducting a review of its composition and performance. This review includes:

- comparison of the performance of the Board against the requirements of the Board charter;
- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- review the Board's interaction with management;
- identification of any particular goals and objectives of the Board for the next year;
- review the type and timing of information provided to the directors; and
- identification of any necessary or desirable improvements to Board or committee charters.

A review was undertaken during the reporting period.

PERFORMANCE OF SENIOR EXECUTIVES

The Managing Director is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a formal meeting with each senior executive. The basis of evaluation of senior executives will be on agreed performance measures.

A review of senior executives was undertaken during the reporting period.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant

Additional ASX information

conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Directors related entity transactions with the Company are set out in the related parties note in the financial statements.

DIVERSITY

Peel Mining Limited recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Diversity Policy defines the initiatives which assist Peel Mining Limited with maintaining and improving the diversity of its workforce. A copy of the Diversity Policy can be found in the company's Corporate Governance Framework on the Company's website. The policy does not include a requirement also set Measurable Objectives for achieving gender diversity and monitor their achievement. Nor has the Board set measurable objectives for achieving gender diversity, given its current size and stage of development as an exploration company. However the board is striving to achieve the initiatives set out in the Policy.

The policy was formally adopted by the company on the 23 September 2015.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the table below:

Proportion of Women

	Proportion of women
Organisation as a whole	2 out of 11 (18%)
Executive Management Team	0 out of 2 (0%)
Board	0 out of 3 (0%)

REMUNERATION

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre Executives;
- Link Executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable Executive remuneration.

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current year is included in the remuneration report, which is contained within the Report of the Directors.

There are no schemes for retirement benefits for Non-executive Directors, other than superannuation.

BOARD REMUNERATION COMMITTEE

Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish a Remuneration Committee. Until that time, the Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web.

AUDIT AND RISK COMMITTEE

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate audit committee is not considered appropriate. The Board assures integrity of the financial statements by:

- a) reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- b) monitoring compliance of the accounting records and procedures in conjunctions with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, ASX and Australian Taxation Office;
- c) ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- d) reviewing audit reports and management letters to ensure prompt action is taken;
- e) when required, nominating the external auditor and at least annually review the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.

Additional ASX information

RISK OVERSIGHT AND MANAGEMENT

The Board determines the Company's 'risk profile' and is responsible overseeing and approving risk management strategy and policies, internal compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals which affects the sentiment for investment in exploration companies.

There will a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk. The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees when dealing with stakeholders.

The Board reviewed the Risk Management Framework, including the policies, procedures and the Company's Risks during the reporting period.

A summary of Peel Mining Limited's Risk Management review procedures can be found in the corporate governance information section of the Company website at www.peelmining.com.au.

Considerable importance is placed on maintaining a strong control environment. The Board actively promotes a culture of quality and integrity.

Control procedures cover management accounting, financial reporting, compliance and other risk management issues.

No internal audit function is currently in place due to the size of the Company, however Board regularly assess the need for an internal audit function. The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Half yearly, the Financial Controller (or equivalent) and the Managing Director are required to state in writing to the Board that in all material respects:

Declaration required under s295A of the Corporations Act 2001 -

- the financial records of the Company for the financial period have been properly maintained;
- the financial statements and notes comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view; and
- any other matters that are prescribed by the Corporations Act regulations as they relate to the financial statements and notes for the financial year are satisfied.

Additional declaration required as part of corporate governance -

- the risk management and internal compliance and control systems in relation to financial risks are sound, appropriate and operating efficiently and effectively.

These declarations were received for the June 2016 financial year.

CODE OF CONDUCT

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct embraces the values of:

- Integrity & Objectivity
- Excellence
- Commercial Discipline

Additional ASX information

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

TRADING IN PEEL MINING LIMITED SECURITIES BY DIRECTORS, OFFICERS AND EMPLOYEES

The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares.

Directors, officers, consultants, management and other employees are prohibited from trading in the Company's shares, options and other securities if they are in possession of price-sensitive information.

The Company's Security Trading Policy is provided to each new employee as part of their induction training.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

CONTINUOUS DISCLOSURE

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Managing Director is responsible for ensuring that all employees are familiar with and comply with the policy.

The Company is committed to:

- a) complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules;
- b) preventing the selective or inadvertent disclosure of material price sensitive information;
- c) ensuring shareholders and the market are provided with full and timely information about the Company's activities; and
- d) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

SHAREHOLDER COMMUNICATIONS STRATEGY

The Company recognises the value of providing current and relevant information to its shareholders. The Company has adopted a Shareholder Communications Strategy which can be accessed from Peel Mining Limited's website at <http://www.peelmining.com.au/wp-content/uploads/2014/09/Peel-Mining-Ltd-Corporate-Governance-Framework-board-approved-150914.pdf>.

Information is communicated to shareholders through the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's web site and through the Chairman's address at the annual general meeting. After the Annual General Meeting, the Managing Director provides shareholders with a presentation. Afterwards all directors are available to meet with any shareholders and answer questions.

Shareholders are encouraged to contact the Company through the Contact Us section on Peel Mining Limited's website, to submit any questions via email, or call.

The Company's website provides communication details for its Share Registry, including an email address for shareholder enquiries direct to the Share Registry.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

The Company ensures that its external auditor is present at all Annual General Meetings to enable shareholders to ask questions relevant to the audit directly to the auditor.

COMPANY WEBSITE

Peel Mining Limited has made available details of all its corporate governance principles, which can be found in the corporate governance information section of the Company website at www.peelmining.com.au.

Shareholder Information

Information relating to shareholders at 27 September 2016

Distribution of shareholders

Range	No. of Holders	No. Ord	
		Shares	%
1 - 1,000	46	10,296	0.01
1,001 - 5,000	127	414,421	0.27
5,001 - 10,000	124	1,055,577	0.70
10,001 - 100,000	423	18,368,562	12.14
100,001 - 9,999,999,999	152	131,437,113	86.88
Total		151,285,969	100.00

Twenty largest shareholders

	No. Ord Shares		%%
1. POINT NOMINEES PTY LTD	15,422,890		10.19
2. MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	15,000,000		9.91
3. HAMPTON HILL MINING NL	11,000,000		7.27
4. ARIKI INVESTMENTS PTY LIMITED	9,900,000		6.54
5. PERTH CAPITAL PTY LTD	9,241,223		6.11
6. PERTH CAPITAL PTY LTD	4,126,366		2.73
7. MR ROBERT MACLAINE TYSON	3,877,625		2.56
8. MR MICHAEL HSIAU YUN LAN	3,687,017		2.44
9. MR RICHARD JOHN DUNN	3,500,858		2.31
10. CITICORP NOMINEES PTY LIMITED	2,780,000		1.84
11. MR SIMON HADFIELD & MRS FIONA HADFIELD	2,195,560		1.45
12. MR JONATHON TYSON & MR CHRIS TYSON & MR ROBERT TYSON	2,030,000		1.34
13. ARIKI INVESTMENTS PTY LIMITED	2,000,000		1.32
14. ARIKI INVESTMENTS PTY LIMITED	1,650,000		1.09
15. DENKEY PTY LTD	1,300,000		0.86
16. NALMOR PTY LTD JOHN CHAPPELL SUPER FUND A/C	1,300,000		0.86
17. MR SIMON HADFIELD	1,250,000		0.83
18. MR TREVOR HARRY ROHDE	1,043,749		0.69
19. MR CALLAN HAROLD LOW & MRS ANTONIA MARY LOW	991,399		0.66
20. MR HUGH BROWN & MRS TANYA BROWN	955,887		0.63
	93,252,574		62.27

Substantial shareholders

	No. Ord Shares		%
1 Hampton Hill Mining NL and Associates	24,578,184		16.25
2 William Hodgson and Associated Companies	15,920,000		10.52
3 Point Nominees Pty Ltd	15,422,890		10.19
4 Resource Capital Fund VI L.P.	15,000,000		9.91

At the prevailing market price of \$0.15 per share there were 112 shareholders with less than a marketable parcel of shares at 27 September 2016.

At 27 September 2016 there were 872 holders of ordinary shares in the Company.

Shareholder Information

At the date of this report there were no shares or options restricted by the ASX.

Unquoted securities

At the date of this report the Company had 3,100,000 unlisted share options on issue.

Voting Rights

The voting rights attaching to the ordinary shares, set out in Clause 12.11 of the Company's Constitution are:

"Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

1. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
2. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
3. on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited)"